

AUSTRALIA

ECONOMIC AND COMMERCIAL CONDITIONS IN AUSTRALIA

PREPARED BY MEMBERS OF
THE UNITED KINGDOM TRADE COMMISSIONERS' OFFICES IN AUSTRALIA
UNDER THE GENERAL SUPERVISION OF

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*The views expressed in this report are those of the authors and
are not necessarily in all respects those of the Board of Trade.*

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November, 1949

I INTRODUCTION

INTRODUCTIONS are notoriously the last, rather than the first, things to be written, and these preliminary paragraphs are no exception to the rule. They are indeed an attempt to set down, very briefly, some of the broad general impressions which remain after the writing and re-writing, reading and re-reading of the more detailed chapters which follow.*

Of the high level of prosperity existing in Australia at the present time there can be no question. In spite of all qualifications (and they are neither few nor unimportant) it is undeniable that most people in Australia are better off—in material things and in some other ways—than they were before the war. National income, wages and the volume of purchasing power in the pockets of the public have all risen substantially. The traditionally high standard of food consumption has been more than maintained, while that of beer, spirits and tobacco has materially increased. In secondary industry remarkable expansion has been achieved as a result both of governmental action in facilitating the conversion of war factories to peace-time production and of the enterprise and effort of Australian manufacturers and workers and of the immigrants (some of them highly skilled) who have come to reinforce the domestic labour supply. This expansion has been assisted by a considerable inflow of capital from overseas and by an unprecedented accumulation of capital in Australian hands. Jobs have been, and still are, plentiful; involuntary unemployment and the insecurity arising from it are virtually non-existent. Social services have been greatly expanded and leisure has become more abundant. By most of the accepted standards of material well-being, Australia to-day ranks high among the nations of the world.

The success achieved by Australia seems all the more noteworthy when one comes to look closely at the working of the Australian economy. Even a cursory inspection reveals many chinks in the armour; yet the evidence is clear that prosperity can and does exist in spite of these draw-backs. To some extent Australia's bounteous fortunes and the many benefits enjoyed by her people carry with them certain disadvantages. High money incomes and increased wages, for instance, are apt (unless effective counter-measures are taken) to lead to inflation which may go far towards nullifying their benefits and may cause an injurious rise in production costs. It will scarcely be gainsaid that this has actually happened to an extent that has caused concern both in governmental and in other quarters. In order to offset, at least partially, these inflationary tendencies abstention from consumption and greater production of goods are urgently necessary. These points, particularly the latter, have been repeatedly stressed by the Prime Minister. For instance, in his budget speech in September, 1948, Mr. Chifley (who is also Federal Treasurer) said :

*Note by Department: This report contains no mention of party politics but for the record it should be noted that on 10th December, 1949, a federal general election was held, as a result of which the Labour Government under Mr. J. B. Chifley resigned and was succeeded by a Liberal-Country Party Coalition Government under Mr. R. G. Menzies.

"There is a clear need to raise output in practically all industries. This becomes all the more necessary now that direct controls are being slackened off and an inflated demand can exert itself with greater force upon prices and the distribution of goods. The main responsibility lies with producers—employers and employees alike—and the solution must be sought both in greater output per worker and higher standards of efficiency on the part of management. Lacking these, the greatest benefits of full employment will not be realised, standards of living will stagnate at levels satisfactory to no one, and we will fall short in the contribution due from us towards world recovery."

The achievement of greater and more efficient production is admittedly not a simple task. For reasons which it is not difficult to understand, the development of Australian industry has been unbalanced and this has led to an acute and persistent shortage of basic products. There is not enough coal to generate the power that is needed and to meet the direct requirements of industry, and there is insufficient iron and steel to make needed machinery and equipment to build houses, fully to maintain railways and rolling-stock and to provide adequately for public services and utilities. Moreover difficulty may be experienced in obtaining machinery and other capital equipment from overseas. Deliveries from the United Kingdom have improved in general but there are still many instances of inability to execute orders as quickly as buyers would like; while supplies of equipment from the U.S.A. are inevitably restricted by the insufficiency of Australia's dollar earnings and the imperative necessity of reducing to the lowest possible figure her drawings from the Sterling Area dollar pool. In the field of labour the fact that there is a chronic and very large excess of vacancies over applicants has its effect both on the tempo of work and the degree of effort and on the continuity of a person's employment in the same firm or even in the same occupation. Summarising these points with special reference to the international competitive position of Australia, the Governor of the Commonwealth Bank, in his annual report for the year ended 30th June, 1949, said:

"It is important that every effort should be made to reduce costs of production and to make our industries as competitive as possible. To some extent this is a question of greater individual willingness to work. It is also a question of more effective use of our resources. On the part of the individual firm this involves better management, improved techniques, more efficient supervision and healthier industrial relations; also greater willingness now while demand conditions are good to face and meet competition from imports. Over the economy as a whole it involves the building up of those stocks at all stages of production upon which a smooth flow of production depends—stocks which cannot be built up so long as we continue to try to achieve for immediate consumption and for development more than our physical capacity permits."

The establishment and maintenance—in spite of these difficulties and weaknesses in the economy—of conditions of marked general prosperity is an achievement of which Australians may justifiably be proud. Yet it is well to remember that the basis of this achievement is to be found in external factors more than in Australia's own domestic efforts and circumstances. During recent years Australia has enjoyed all the advantages of a seller's market in an extreme form and inevitably she has profited thereby. As a seller of wheat she has had to deal with a hungry world desperately in need of the food she was in a position to provide; as a seller of wool she was in an equally strong position because many countries, and particularly the United Kingdom, needed her wool as raw material for the manufactured products which they had to export in order to live, and also because one wealthy country was prepared to pay good prices for the wool required in order to sustain

its way of life and its notably high standard of apparel. The high returns which Australia was thus able to secure for her principal exports increased her money income and the quantity of purchasing power in the hands of her people, permitted her to pay off appreciable amounts of external indebtedness, and assisted her to build up large overseas credit balances. When wheat and wool prices fall and Australia's income from exports drops, these balances will constitute a very useful cushion to soften the shock of reduced capacity to purchase imports.

Taking all factors into consideration, and not underestimating the part played by Australia's own resources and the efforts and skill of her people, it still seems fair to say that Australia's present prosperity has been achieved in the easy rather than the hard way. In that fact lies, perhaps, the seed of the most serious, because the most insidious, danger that threatens her to-day—a danger that is psychological rather than physical, but is none the less definite and real. "He who accounts all things easy", said Lao-tsze, the ancient Chinese philosopher, "will have many difficulties". Any country to which success has come easily may well find the going hard when it has to meet the challenge of economic struggle and set-back which seems certain to come sooner or later. This may be particularly true of a country which, like Australia, lacks the sharp stimulus and discipline of a keen, hard winter.

Nothing is of more significance for Australia to-day than that she should cherish (or would recapture be the truer word ?) and foster the ardour and virility of a young country. Fired and energized by these vital qualities she may become, sooner than we think, one of the great countries of the world, enjoying security and prosperity within her borders and making a unique and potent contribution to the welfare of mankind.

II FINANCE

National Income

IN THE YEAR 1948/49 Australia's national income reached the record figure of £A1,955 million. Between 1938/39 and 1945/46 it had increased by about 60 per cent and by 1947/48 it was more than double the pre-war level; a further rise of about 12 per cent last year brought the national income to nearly two and a half times the pre-war amount. In 1948/49 personal expenditure on consumption amounted to £A1,418 million, an increase of 15 per cent since 1947/48 and about 68 per cent above the 1945/46 level. For the last three years gross private investment has averaged about one-fifth of the gross national product. Details of the changes in national income, gross product, personal consumption, etc., are shown in the following table:

(Million £A)

| | 1938/39 | 1945/46 | 1946/47 | 1947/48 | 1948/49 |
|------------------------------|---------|---------|---------|---------|---------|
| National income | 814 | 1,299 | 1,358 | 1,753 | 1,955 |
| Personal income of residents | 748 | 1,309 | 1,314 | 1,688 | 1,896 |
| Gross national product .. | 949 | 1,491 | 1,598 | 1,998 | 2,256 |
| Personal consumption .. | 667 | 846 | 1,008 | 1,234 | 1,418 |
| Gross private investment .. | 140 | 205 | 325 | 460 | 400 |

A considerable part of the rise in national income over this period has been due to the growth in population and the appreciable increase in prices; between June, 1939, and June, 1949, the retail price index rose by nearly 55 per cent and the wholesale price index by over 84 per cent. The increase in real income per head was consequently far less than the rise in the national income. Appendix I sets out changes in national income and expenditure over the period 1938/39 to 1948/49. From this it will be seen that, of the total increase of £A202 million in 1948/49, wages and salaries accounted for £A151 million. They were 17 per cent higher than in the previous year, about one-quarter of the increase being due to greater numbers employed and three-quarters to higher individual earnings. The next highest increase occurred in the group covering farms, unincorporated businesses and professions; this was largely attributable to good seasons and the high prices of primary products.

Out of the amount of £A208 million by which (as shown in the table printed above) the personal income of residents increased in 1948/49, all but £A24 million was spent on consumption. In each year after 1946 (as more goods became available) about three-quarters of total personal incomes were used for purchases of consumption goods.

Gross private investment in 1948/49 was £A60 million less than in 1947/48, this fall being attributed to the reduction in farm stocks. In a recent survey carried out by the Commonwealth Statistician it was estimated that total new capital expenditure in Australia in 1947 amounted to £A74.4 million, in 1948 to £A93 million, and in the first half of 1949 to £A52.9 million; in the second half of 1949 new capital expenditure is expected to be over £A52 million. These estimates were based on returns received from a selection of private firms which account for about 25 per cent of wages and salaries paid by all firms subject to

pay-roll tax. Capital expenditure by Government, State and Local authorities was excluded from the survey. During 1948/49 the absorption of goods and services by public authorities increased by £A98 million; of this, expenditure on new works and maintenance increased by £A49 million.

One-quarter of the gross product in 1948/49 consisted of exports of merchandise and other services sold overseas. Imports and other payments for goods and services rose by £A100 million to 21 per cent of the gross product and represented 18 per cent of total market expenditure.

In a recent analysis by the Commonwealth Bank of the profits of 542 companies which control £A475 million of shareholders' funds, it was revealed that in 1948 aggregate profits of these companies was nearly £A37 million compared with nearly £A33 million in 1947 and £A29 million in 1939. The rise of £A4 million in profits in 1948 represented an increase of nearly $\frac{1}{2}$ per cent in the rate of dividend. The rate of earnings on funds during the year 1948 was 7.8 per cent compared with 6.8 per cent in 1939 and 7.4 per cent in 1947. Dividend distributions in 1948 were slightly over 70 per cent of profits, and aggregate dividends were £A26.9 million compared with £A23.7 million in 1947.

The following table shows in detail the distribution of profits among the various types of business activity :

| | Number of companies | Profits | | | Yield on Funds | |
|-----------------|---------------------|---------|--------|--------|----------------|------|
| | | 1946 | 1947 | 1948 | 1947 | 1948 |
| Primary | | £A'000 | £A'000 | £A'000 | % | % |
| Production.. | 27 | 1,639 | 3,841 | 3,835 | 15.1 | 13.6 |
| Manufacturing.. | 205 | 11,989 | 15,678 | 17,772 | 7.9 | 8.2 |
| Distribution : | | | | | | |
| Wholesale .. | 44 | 1,246 | 1,379 | 1,806 | 8.6 | 10.1 |
| Retail .. | 62 | 2,954 | 3,325 | 4,037 | 9.3 | 10.4 |
| Services .. | 103 | 3,698 | 3,610 | 3,703 | 5.4 | 5.3 |
| Finance .. | 101 | 4,460 | 4,994 | 5,679 | 5.0 | 5.5 |
| | 542 | 25,986 | 32,827 | 36,832 | 7.4 | 7.8 |

Price Control

During the war and immediate post-war years, Australian prices remained remarkably steady, mainly as a result of the existence of an efficient system of price control and subsidy payments and the pegging of wages. Within the last two years, however, there has been a considerable acceleration in the rate of retail price increase in Australia. Between 1946/47 and the June quarter of 1949 the retail price index (base June, 1939=1000) increased from 1309 to 1582. During this period, as a result largely of substantial increases in export values combined with a considerable expansion in earnings, the volume of money in circulation increased rapidly. In addition, in the early post-war years, Australia experienced difficulty in obtaining supplies from overseas, and, as a result of factors described in Chapter III (mainly the relative lag in basic material production), the expansion of production in Australia has been handicapped. The result is that Australia in recent years, in common with many other countries, has experienced strong inflationary pressures.

In May, 1948, the question of whether permanent power to control rents and prices should be vested in the Federal Government was the subject of a referendum. (Constitutionally the Government's price control powers were limited to the period of war emergency.) The result of the referendum was decisively against permanent

Federal power and the responsibility for price control was thereon passed from the Commonwealth to the State authorities. In June, 1948, subsidies amounting in the aggregate to £A25 million annually were withdrawn, following an announcement by the Prime Minister that the Federal Government was no longer in a position to ensure that the payment of such subsidies resulted in prices remaining controlled. Certain of the commodities on which subsidies were withdrawn are constituents of the cost-of-living index and the Australian basic wage is adjusted in conformity with this index. From the June quarter of 1948 to the June quarter of 1949 the retail price index increased by about 10 per cent and there were consequently a number of increases in the basic wage.

Federal and State Finance

Federal Revenue and Expenditure

In his budget speech on 7th September, 1949, the Prime Minister and Federal Treasurer (Mr. Chifley) pointed out that in 1948/49, for the second time since the end of the war, it had been possible to balance the Commonwealth Budget. Expenditure totalled £A535 million, £A25 million more than the budget estimate, but this figure includes a substantial sum set aside to build up the National Welfare Fund and the War Gratuity Reserve which cannot strictly be regarded as expenditure incurred. The total revenue for the year was £A535 million, £A42 million above the estimates; but this likewise cannot be strictly regarded as entirely revenue raised, since £A17 million of the total represents transfers of trust balances. After making adjustments of revenue and expenditure to allow for these items there remains a budget "surplus" of £A40 million compared with £A21 million in the previous year.

The main revenue increases were £A26 million from income tax and Social Services contributions, mainly as a result of high wages and salaries and overtaking of arrears in income tax collection, £A11 million from Customs and Excise (due to larger imports and bigger sales of beer and spirits), and £A1.8 million from pay-roll tax. Mr. Chifley revealed that between 1944/45 (when revenue fell short of expenditure by £A266 million) and 1948/49, tax reductions had been made which on present income levels would be valued at £A280 million per annum; £A108 million had been provided for repatriation and re-establishment of ex-servicemen and women; and £A184 million had been found for interest and sinking fund on debt arising from war. Gifts totalling £A35 million had been made to the United Kingdom and contributions worth £A30 million had been made for the relief of war-distressed people. Social service contributions had been increased from £A39 million a year to £A81 million and the National Welfare Fund had been built up to nearly £A100 million. Annual payments to the States had been increased from £A48 million a year to £A79 million. A total of £A132 million had been paid in subsidies to keep down the cost of living and assist primary producers, and finally the Government had, within this period, embarked on a post-war defence programme to cost £A295 million.

Turning to 1949/50 Mr. Chifley estimated that revenue in that year would reach £A532 million and expenditure £A567 million, leaving a gap of £A35 million to be financed by loans. Discussing the year's prospects he said that it seemed likely that Australia's export income would be lower. (This was before the announcement of devaluation.) Total incomes, however, would probably rise still further during the year, while the collection of tax arrears would soon be reduced to normal. The continued increase in prices and costs on the other

hand would increase Government expenditure, particularly in the Post-Office, and in the railways and works departments. Defence expenditure in 1949/50 would be £A64 million, against £A61 million last year; of this, £A6 million would be spent on research and development mainly on the Long Range Weapons Project in Central Australia.

In tabling the budget Mr. Chifley announced sales tax reductions totalling £A6.7 million in a full year and £A5 million in 1949/50; the general sales tax of 10 per cent was reduced to $8\frac{1}{2}$ per cent and on some goods the maximum 25 per cent tax was cut to the same figure. The budget left income tax rates at the previous level (some reductions in income tax and social service contributions had come into force on 1st July, 1949, and would cost £A36.5 million in 1949/50) but gave indirect tax benefits totalling £A9.6 million a year. (Appendix II shows the effect of the reductions in income tax and social service contributions in recent years in the case of a husband and dependant wife and one child.) Entertainment tax was reduced by about 20 per cent for all entertainment at a cost of £A1.1 million a year, and the cost of remissions of Customs Excise and Primage duties amounted to £A1.8 million a year. The income tax depreciation allowance of 20 per cent of cost of plant and machinery acquired by 30th June, 1950, was extended to 30th June, 1952.

The cost of social services was expected to increase from £A80.8 million in 1948/49 to £A100.4 million in 1949/50, when payment into the National Welfare Fund would be £A121 million. In addition, the Commonwealth would grant the States £A8 million to offset the serious effects of the 1949 coal strike on State budgets. Total Commonwealth payments to States are expected to rise from £A78 million to £A101 million. Australia would also make a gift of £A10 million to Britain.

Appendices III and IV show the detailed revenue and expenditure from revenue during 1948/49 and the estimated revenue and expenditure in 1949/50.

State Finances

In the sixteenth report of the Commonwealth Grants Commission (1949) it was revealed that the total amount of special grants paid by the Commission in 1947/48 (latest statistics available) was £A46,042,000, which was £A1,294,000 more than the total paid in the previous year. It was explained that the evident deterioration in the finances of the claimant States was due in the main to the rise in salaries, wages and other costs, and that the retrogression was particularly serious in the net financial result of State business undertakings.

Appendix V gives a summary of the revenue and expenditure of the States in the year 1947/48.

Public Indebtedness and Borrowing

Australian public debt on 30th June, 1949, compared with 30th June, 1939, was as follows:

| | 1949 | 1939 |
|--|---------|---------|
| | Million | Million |
| In Australia (Australian pounds) .. | 2,399.0 | 703.7 |
| In London (pounds sterling) | 388.5 | 467.5 |
| In New York (pounds arbitrarily converted from dollars at £=\$4.8665) .. | 40.5 | 44.0 |
| | <hr/> | <hr/> |
| | 2,828.0 | 1,215.2 |
| | <hr/> | <hr/> |

During this period Australia's national income rose from just over £A800 million to nearly £A2,000 million. The great improvement in the external financial position was due largely to the policy of converting loans to lower rates of interest and repatriating a part of each loan.

In the table below, showing in detail the changes in the composition of Australia's Commonwealth and State debts between January, 1939, and June, 1949, all the amounts are given in Australian pounds, conversion of the London and New York debts being made at the rates prevailing on the dates shown :

(£A'000)

| Where redeemable or payable | 1939 | 1945 | 1946 | 1947 | 1948 | 1949 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| Commonwealth | | | | | | |
| Australia .. | 218,497 | 1,552,196 | 1,723,587 | 1,755,372 | 1,740,147 | 1,732,210 |
| London .. | 104,312 | 101,975 | 187,847 | 87,479 | 87,111 | 86,797 |
| New York .. | 20,800 | 24,026 | 24,027 | 24,024 | 24,111 | 23,986 |
| Total .. | 343,609 | 1,678,197 | 1,935,461 | 1,866,875 | 1,851,369 | 1,842,993 |
| State | | | | | | |
| Australia .. | 485,179 | 514,277 | 542,645 | 568,141 | 611,763 | 666,873 |
| London .. | 482,331 | 453,547 | 423,679 | 418,299 | 411,878 | 398,272 |
| New York .. | 36,945 | 38,510 | 38,213 | 37,716 | 37,787 | 37,443 |
| Total .. | 1,004,455 | 1,066,334 | 1,004,537 | 1,024,156 | 1,061,428 | 1,102,588 |
| Grand Total—Commonwealth and State | | | | | | |
| Australia .. | 703,676 | 2,066,473 | 2,266,232 | 2,323,513 | 2,351,910 | 2,399,083 |
| London .. | 586,643 | 555,522 | 611,526 | 505,778 | 498,989 | 485,069 |
| New York .. | 57,745 | 62,536 | 62,240 | 61,740 | 61,898 | 61,429 |
| Grand Total .. | 1,348,064 | 2,684,531 | 2,959,998 | 2,891,031 | 2,912,797 | 2,945,581 |

As the next table shows, there was, within this period, an appreciable fall in the interest payments on external loans. On the 30th June, 1949, of the total annual interest liability on Commonwealth and State debt of £A87,344,000, £A69,446,000 was on debt in Australia, £A15,460,000 on debt in London and £A2,438,000 on debt in New York, compared with £A25,585,000 on debt in Australia on 30th June, 1939, £A23,049,000 on debt in London and £A2,900,000 on debt in New York. The depreciation of the £A in relation to the dollar in September, 1949, will, however, increase the amount of the American debt and interest payments.

Allocation of Interest Liability

(£A'000)

| | 1939 | 1945 | 1946 | 1947 | 1948 | 1949 |
|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Australia .. | 25,585 | 56,789 | 63,042 | 65,781 | 67,577 | 69,446 |
| London .. | 23,049 | 21,585 | 17,747 | 17,189 | 16,482 | 15,460 |
| New York .. | 2,900 | 3,089 | 3,073 | 2,633 | 2,455 | 2,438 |
| Total .. | 51,534 | 81,463 | 83,862 | 85,603 | 86,514 | 87,344 |

The Commonwealth internal debt of £A1,732 million at 30th June, 1949, consisted of nearly £A154 million 1914/18 war debt, £A1,190 million 1939/45 war debt funded with public, £A123 million bank bills, £A172 million internal bills, over £A81.5 million funded debt for works and other purposes and £A10 million short-term debt for similar purposes.

It was announced by the Commonwealth Treasurer in his budget speech that during 1948/49 loans raised in Australia for State works programmes, Commonwealth advances to the States for housing and redemption of unconverted securities resulted in cash subscriptions amounting to £A127,598,780. In addition conversion operations were undertaken to deal with maturing securities amounting to £A161,825,775 which became due in September and October, 1948, and April, 1949. £A111,018,605 was in all converted. $3\frac{1}{8}$ per cent securities for 11-14 years were offered for both loans and, in addition, 2 per cent securities for 3 years were offered in the April operation.

During the first nine months of 1948/49 the Commonwealth redeemed a further £A40 million of internal floating debt. Balance of Treasury bills still unfunded was £A123.3 million on 8th June, 1949. Since 1949 more than £A250 million of internal Treasury bills have been redeemed. In 1944 the use of this form of credit expansion to pay for the war caused the Treasury bills issue to reach its peak of £A376.4 million. The following table shows the size and movement of unfunded Treasury bills over recent years:

Treasury Bills

| Year | Million £A | Increase (+) or Decrease (—) over previous year |
|---------------|---------------|---|
| June, 1939 .. | 49.1 | — |
| „ 1940 .. | 44.9 | — 4.2 |
| „ 1941 .. | 47.2 | + 2.3 |
| „ 1942 .. | 125.6 | + 78.4 |
| „ 1943 .. | 298.5 | + 172.9 |
| „ 1944 .. | 376.4 | + 77.9 |
| „ 1945 .. | 343.6 | — 32.8 |
| „ 1946 .. | 343.3 | — 0.3 |
| „ 1947 .. | 278.3 | — 65.0 |
| „ 1948 .. | 208.3 | — 70.0 |
| „ 1949 .. | 123.3 | — 85.0 |

Conversion operations were also undertaken in London to deal with Commonwealth and State maturing loans and loans over which options of redemption were available, amounting to £A58,749,908. Securities to the value of £A15,763,721 were paid off, and the balance of £A42,986,187 was converted to 3 per cent. £A1,318,556 of the amount paid off was redeemed from the National Debt Sinking Fund and £A14,445,165 was transferred to Australia.

The aggregate interest saving of conversion and redemption transactions in 1948/49 was £A578,259 per annum. During 1948/49 the receipts of the National Debt Sinking Fund for redemption purposes were £A29,536,000; in addition a balance of £A4,181,000 was carried forward from the previous year, making a total of £A33,717,000 available for debt redemption in 1948/49. £A18,422,000 of this is being carried forward to the financial year 1949/50.

Overseas Balances

The substantial redemption and conversion operations undertaken in London were, of course, facilitated by the high export income which Australia has enjoyed in recent years, and the consequent growth of her overseas balances. The following table shows the annual increases and decreases in these balances between 1939 and 1949.

| Year | Increase (+) or Decrease (-) |
|---------|---------------------------------|
| | £A million |
| 1939/40 | + 16.0 |
| 1940/41 | + 17.8 |
| 1941/42 | - 20.4 |
| 1942/43 | + 17.7 |
| 1943/44 | + 95.6 |
| 1944/45 | + 25.9 |
| 1945/46 | + 7.1 |
| 1946/47 | - 16.7 |
| 1947/48 | + 74.8 |
| 1948/49 | + 131.8 |
| | Increase + 349.6 |

At the end of October, 1949, the total of Australia's balances held in London was £A395 million.

International Monetary Fund

A direct dollar loan to Australia has been advocated in certain quarters for some time; in the past, the Government has been very reluctant to accept this suggestion, mainly on the grounds that apart from the possibly onerous terms of the loan, Australia is almost certain to remain in the position of having an unfavourable dollar balance for some considerable time and would as a consequence find it extremely difficult to obtain the surplus of dollars for ultimate repayment. However, it was announced on 21st October, 1949, by Mr. Chifley that Australia had obtained the permission of the International Monetary Fund to purchase immediately \$20 million. Mr. Chifley said that the purchase would do no more than enable Australia to meet commitments arising from the present restricted dollar import programme; the full 25 per cent saving in expenditure on dollar imports to which Australia was pledged would not be possible in 1949/50 owing to outstanding licences. Mr. Chifley pointed out that the service charge on the transaction was relatively small, amounting to $\frac{3}{4}$ per cent for the first three months, and that the quota fixed for Australia under the Fund agreement was \$200 million. The rate would be gradually increased until it reached 4 per cent after 7 years, and "questions of further drawings will be considered as necessary".

Banking

Within the last few years Australian banking activity has provided a most interesting reflection of the general economic activity of the country. Compared

with pre-war days there has been an appreciable rise in the deposits and advances of the cheque-paying banks in Australia, savings bank deposits have increased considerably and the Commonwealth note issue has also shown a large expansion. The changes during the last few years in bank deposits and advances are shown in the following table :

Average of weekly figures for all cheque-paying banks

(£A'000)

| Year | Deposits | Advances |
|---------------|----------|----------|
| 1945/46 | 682,385 | 246,662 |
| 1946/47 | 709,964 | 304,391 |
| 1947/48 | 749,037 | 384,698 |
| 1948/49 | 867,406 | 454,142 |
| July, 1949 .. | 894,244 | 496,305 |

One of the main reasons for the increase in deposits has been the considerable growth in Australia's sterling funds, mainly as a result of continued high export earnings and the substantial flow of capital into Australia. A portion of this capital was undoubtedly fugitive capital transferred in the last few years in the hope of an appreciation of the £A against sterling.

Between June, 1948, and June, 1949, the weekly average of deposits in all cheque-paying banks of Australia increased from £A800,018,000 to £A914,813,000, whilst average weekly advances in the same period increased from £A424,650,000 to £A482,931,000. Average weekly deposits thus rose by £A114,795,000 whilst average weekly advances increased by only £A58,281,000. This resulted in the main from the policy regarding advances laid down by the Commonwealth Bank. The most recent statement of this policy was contained in an announcement by the Governor of the Commonwealth Bank published on 18th May, 1949. In it the trading banks were directed not to make loans for purchasing fixed assets on non-essential requirements of industry. They were asked to refrain from making new advances which would lead to day-to-day expenditure beyond current income, and to appreciate the need to limit advances in order to check the dangerous inflationary spiral of wages and prices.

In 1948/49 special accounts with the Commonwealth Bank (consisting of the trading bank's surplus investable funds) increased from £A286,800,000 to £A383,100,000; the Commonwealth note issue increased from £A196,600,000 to £A209,600,000 and notes held by the public increased from £A173,800,000 to £A184,200,000. Gold balances held abroad reached a figure of £A391,980,000 in June, 1949, compared with £A255,290,000 on 30th June, 1948. The weekly average debits to customers' accounts in all cheque-paying banks in Australia increased from £A178,335,000 in July, 1947, to £A257,088,000 in June, 1949.

The following table shows the ratio of assets and liabilities to total deposits of the nine main trading banks in Australia in the months of July, 1939 and 1943 to 1949. The table also shows the percentage growth of the special accounts with the Commonwealth Bank.

| Month of July | Percentage of total Deposits | | | | | |
|---------------|------------------------------|---|----------------|-------------------------|----------|-------------------------------|
| | Cash and cash balances* | Special accounts with Commonwealth Bank | Treasury bills | Other public securities | Advances | Deposits not bearing interest |
| 1939 .. | 9.7 | — | 6.4 | 6.9 | 92.6 | 36.8 |
| 1943 .. | 7.8 | 22.9 | 10.5 | 16.7 | 55.3 | 55.0 |
| 1944 .. | 6.6 | 34.6 | 9.8 | 17.2 | 41.9 | 58.3 |
| 1945 .. | 5.8 | 40.9 | 7.8 | 18.2 | 37.1 | 60.9 |
| 1946 .. | 5.3 | 41.7 | 3.4 | 19.1 | 38.5 | 65.4 |
| 1947 .. | 5.7 | 40.0 | 1.7 | 12.3 | 47.9 | 67.9 |
| 1948 .. | 5.8 | 40.8 | 1.7 | 8.5 | 51.8 | 71.5 |
| 1949 .. | 5.4 | 43.0 | 1.4 | 8.7 | 49.5 | 73.1 |

*Coin, bullion, Australian notes and cash with Commonwealth Bank (Central Bank) on current account.

The total of savings bank deposits in Australia has shown a gradual increase over the last few years; in December, 1947, they stood at £A661,931,000; in December, 1948, at £A688,416,000, and at £A729,504,000 on 30th November, 1949. Of this last total the savings deposits held by the Commonwealth Bank amounted to £A456,105,000. Between 31st August, 1939, and 30th November, 1949, savings bank deposits (in all banks) per head of population increased from £A35 1s. 4d. to £A92 4s. 1d.

Continuing the post-war trend, new life policies in Australia in 1948 reached the record amount of £A156 million, and brought the level of life assurance to £A1,000 million. The following table shows the growth in recent years in Australian assurance, and indicates the significance of this important branch of saving and investment :

(Million £A)

| Year | New Business | | Total in force | |
|---------|--------------|------------|----------------|------------|
| | Ordinary | Industrial | Ordinary | Industrial |
| 1938 .. | 48 | 18 | 404 | 105 |
| 1945 .. | 64 | 20 | 578 | 163 |
| 1947 .. | 115 | 28 | 740 | 194 |
| 1948 .. | 126 | 30 | 829 | 210 |

Further evidence of the increased financial activity is provided by the expansion in the size of bank clearings in recent years. The following table shows the change in the weekly average in the six capitals during the period 1938/39 to 1948/49, and also the index of bank clearings, taking the average of the 3 years ended June, 1939, as 1,000. (Cheques deposited in the banks on which they are drawn and cheque clearings connected with the redemption or issue of Treasury Bills are excluded.)

Bank Clearings in Six State Capitals

| Period | Weekly Averages | Index |
|---------------|-----------------|-------|
| | £A'000 | |
| 1938/39 | 43,090 | 1001 |
| 1942/43 | 65,652 | 1525 |
| 1943/44 | 70,524 | 1638 |
| 1944/45 | 72,226 | 1678 |
| 1945/46 | 79,555 | 1848 |
| 1946/47 | 93,894 | 2181 |
| 1947/48 | 109,784 | 2550 |
| 1948/49 | 131,000 | 3043 |
| July, 1949 .. | 140,908 | 3273 |

The latest move in the official policy of lowering interest rates was the reduction, in April, 1949, of the rate for Treasury bills from 1 per cent to $\frac{3}{4}$ per cent. For the past two years nearly all permissible interest rates have been stable at low levels. High interest rates have not been used to assist the restrictions of credit, partly no doubt because the Government is understandably reluctant to see an increase in the yield of Government bonds. The following table gives the interest rates in force on 23rd August, 1949 :

| Particulars | Rate per cent per annum | Date from which operated | Previous rate per cent per annum |
|--|----------------------------------|--------------------------|----------------------------------|
| Commonwealth Bank of Australia | | | |
| General Banking Division—Overdraft : | | | |
| General | 4 $\frac{1}{2}$ | —11.34 | 4 $\frac{1}{2}$ |
| Local Government Authorities | 4 | 1.7.40 | 4 $\frac{1}{2}$ |
| Housing Loans | 3 $\frac{7}{8}$ | 1.1.46 | — |
| Rural Credits Department | 3 $\frac{1}{2}$ | 1.1.40 | 3 $\frac{1}{2}$ |
| Mortgage Bank Department Loans 5 to 20 years | 4 | 27.9.43 | — |
| " " 21 to 41 years | 4 $\frac{1}{8}$ | 27.9.43 | — |
| Industrial Finance Department—Overdraft .. | 4 $\frac{1}{2}$ | 2.1.46 | — |
| Commonwealth Savings Bank—Loans to Local Government Authorities | 3 $\frac{3}{8}$ —3 $\frac{7}{8}$ | —6.44 | 3 $\frac{3}{8}$ |
| Trading Banks—Overdraft | 4 $\frac{1}{2}$ | 1.1.47 | 4 $\frac{1}{2}$ |
| Pastoral Companies—Overdraft | 5 | 1.1.47 | 5 $\frac{1}{2}$ |
| Building Societies and Co-operative Societies Loans | 5 | 1.12.45 | 5 $\frac{1}{2}$ |
| Life Assurance Companies—Loans on own Policies | 4 $\frac{1}{2}$ | 11.1.47 | 4 $\frac{1}{2}$ |
| Commonwealth Loans—long-term | 3 $\frac{1}{2}$ | 20.11.46 | 3 $\frac{1}{2}$ |
| Treasury Bills (discount rates) | $\frac{3}{4}$ | 1.5.49 | 1 |
| Fixed deposits with banks— | | | |
| 3 months | 1 $\frac{1}{2}$ | 11.8.44 | 1 |
| 6 months | 1 $\frac{1}{2}$ | 11.8.44 | 1 $\frac{1}{2}$ |
| 12 months | 1 | 1.12.45 | 1 $\frac{1}{2}$ |
| 24 months—First £10,000 | 1 $\frac{1}{2}$ | 1.12.45 | 1 $\frac{1}{2}$ |
| Amount in excess of £A10,000 | 1 | 1.12.45 | 1 $\frac{1}{2}$ |
| Savings Banks—deposits other than fixed deposits : | | | |
| On first £500—Commonwealth Savings Bank .. | 2 | 1.1.35 | 2 $\frac{1}{2}$ |
| State Savings Bank of Victoria | 2 | 1.1.35 | 2 $\frac{1}{2}$ |
| Trustee Savings Banks Hobart and Launceston | 2 $\frac{1}{2}$ | 1.4.42 | 2 $\frac{3}{4}$ |
| Savings Bank of South Australia | 2 $\frac{1}{2}$ | 7.4.42 | 2 $\frac{3}{4}$ |
| On amount in excess of £500, but not exceeding £1,000—Commonwealth Savings Bank .. | 1 | 1.12.45 | 1 $\frac{1}{2}$ |
| State Savings Bank of Victoria | 1 | 1.12.45 | 1 $\frac{1}{2}$ |
| Savings Bank of South Australia | 1 $\frac{1}{2}$ | 7.12.45 | 1 $\frac{1}{2}$ |

In recent years no subject has aroused greater national interest and given rise to more acute political controversy than that of banking legislation. The Banking Act of 1945 included a number of provisions for the conduct of banking business in Australia. By virtue of this Act exchange control is now exercised by the Treasury through the Commonwealth Bank in co-operation with the trading banks. Trading banks are also now required to make individual loans conform to the policy laid down by the Commonwealth Bank, and in addition deposit and loan interest rates are regulated. The raising of capital is subject to the approval of the Capital Issues Advisory Committee, except for an amount of £A25,000 or less in two years. Another important banking development has been that of the immobilisation in the Commonwealth (Central) Bank of cash additions from deposits in "special accounts"; original regulations in this connection were introduced in November, 1941, and retained in the 1945 Act. The effect was that trading banks were required to lodge with the Commonwealth Bank in "special accounts" the whole of their surplus investable funds. Thus, apart from its ability indirectly to reduce the credit base by the sale of government securities the Commonwealth Bank has an important direct means of affecting the quantity of credit; additions to bank cash can be largely siphoned off into the special accounts with the Commonwealth Bank. The Commonwealth Bank cannot, however, force the trading bank cash holdings below their 1939 level.

In August, 1947, the Federal Government introduced the Banking Act of 1947, intending to achieve the complete nationalisation of banking. The Act would have empowered the Government to acquire by compulsion the Australian shares in Australian banks, to replace the directors of Australian banks with its own nominees and to take over the business in Australia of all private banks by agreement or compulsion. The Commonwealth Bank would also have been able to take over the business of the foreign banks in Australia and act as agents for their principals.

On the passing of the Act the Australian and British banks established in Australia applied to the High Court for an injunction to restrain the Government from putting it into operation on the ground that it was invalid. The injunction was granted and in due course a suit was brought in the courts. On 11th August, 1948, the High Court held that the Banking Act of 1947 was invalid on the grounds that the Commonwealth had no power to prohibit the carrying on of banking business by private banks; section 46 of the Banking Act of 1947 contravened Section 92 of the Australian Constitution which provided that "trade, commerce and intercourse . . . among the States shall be absolutely free". The High Court found, in addition, that the divisions of the Act empowering the Commonwealth to acquire the assets and business of the private banks were invalid, mainly because just compensation had not been provided. Another division of the Act which gave the Commonwealth Bank power to appoint its own nominees as directors who could then dispose of the business of the banks to the Commonwealth Bank, was also declared invalid on the grounds of inadequate compensation.

The Commonwealth Government then appealed to the Privy Council against the High Court decision on Section 46 of the Act. Doubtless it was considered that amending legislation might well overcome the objections on "just compensation".

The Privy Council on 26th July, 1949, dismissed the Commonwealth Government's appeal, and on 26th October gave its reasons for upholding the High Court

judgment. It ruled that Section 46 of the Banking Act, which provided for the prohibition of the carrying on of banking business in Australia by private banks, violated Section 92 of the Constitution in that it restricted the freedom of trade, commerce and intercourse among the States. The Privy Council in its judgment added that the ruling on banking did not set a precedent regarding nationalisation and that "every case must be judged on its own facts, in its own setting, time and circumstance".

Foreign Exchange

On the devaluation of the £ sterling against the dollar in September, 1949, the Australian Government decided to depreciate the £A correspondingly and thus maintain its existing relationship with sterling (£A125=£100 sterling). The new rate became \$2.24 to the £A compared with the old rate of \$3.206. Explaining the decision to devalue the £A in the House of Representatives on 20th September, the Prime Minister emphasized the importance of maintaining the exchange basis of Australia's trade relationship with the United Kingdom, her most important source of supply and the best market for her produce. Had this relationship been altered, difficulties would have been created for the important Australian export industries. In addition, had the Australian £ been appreciated against sterling, Australian industries would have been threatened with substantial losses as a result of cheaper imports. However, in devaluing against the dollar the Commonwealth Government realised that in some respects there would be increases in local costs. Mr. Chifley explained that goods imported from the United States represented only 9.9 per cent and those from Canada 2.7 per cent of total imports, while the United Kingdom supplied over half of Australian imports; and as many other countries would keep in step with sterling, there would be no appreciable increase in costs over the major part of Australia's import trade.

In certain sections of the press and in some other quarters, the decision to depreciate the £A at the same rate as sterling, was deplored, chiefly on the ground that it would be likely to cause further inflationary pressures in the Australian economy. It was contended that, with the large accumulation of sterling credits in London, Australia could have afforded to bring the Australian currency back to near-parity with sterling.

Reference to the dollar shortage and the consequent difficulties of trade with the Dollar Area will be found in Chapter V.

Share Markets

Share markets in Australia have in the main reflected the general level of prosperity in the country. In 1947 the volume of investment share business reached record proportions. During the year prices generally advanced by well over 10 per cent and the year closed with values about 50 per cent over the average for 1939. One of the chief factors in the progress of the markets was the accumulated weight of public money seeking investment, supported by heavy institutional buying. In 1948 again the influence of general prosperity was mirrored in the share market and, apart from a temporary recession in February and March, the market maintained a firm tone. In February and March industrial trouble in Queensland, the break in American commodity prices, the fall in security prices

in London and New York and probably doubts as to the effect of the 40-hour week, resulted in a decline in the level of share prices. From April onwards, however, record returns, the general realisation of substantial profits, and reports of increasing industrial activity raised prices materially. After a little irregularity in October, when investors became more selective, prices at the end of 1948 were 80 per cent above the pre-war level.

In the first few months of 1949 prices showed a marked decline and by Easter, 1949, many shares were standing below the last officially controlled prices. The less confident tone of security markets in the United Kingdom and the feeling in some quarters that economic conditions after a long period of buoyancy were in the early stages of change and that share values needed readjustment to altered world conditions were both factors which affected investment psychology in Australia.

The demands for new capital in Australia, however, have continued at a very high level. New share issues announced up to the end of September, 1949, amounted to nearly £A35 million; after the raising of about £A100 million in the three years ending in 1948; three years of considerable expansion in Australian secondary industries—these substantial additional calls have put a heavy strain on the resources of investors. The change in the distribution of incomes in Australia since pre-war days has probably meant an appreciable transfer of spending and investing power to classes who do not normally take a great deal of interest in stock exchange investments. On the other hand, overseas investors have shown a marked increase in interest in Australian shares.

Since September, 1949, devaluation of the £A in terms of the American dollar and the preservation of the relationship with the £ sterling, have resulted in renewed activity in the share markets. The market for gold shares showed an immediate strong upswing, and base metal mining company shares responded to the reports of rises in metal prices on the London market. Furthermore, a stronger tone developed over the whole range of the equity share market. The decision to devalue put an end to much speculation and removed an element of uncertainty, which had previously affected market confidence.

The trend of share prices in recent years is brought out in the following tables showing the index of share prices on the Melbourne and Sydney Stock Exchanges:

Movement of share price indices on the Sydney Stock Exchange

Base: 1934=100

Analysis of Changes in Share Prices

| | End of 1946 | End of 1947 | Peak 5th Feb- ruary, 1948 | End of 1948 | Easter, 1949 | 22nd Sept- ember, 1949 | 2nd Nov- ember, 1949 |
|-----------------------|----------------|----------------|------------------------------------|----------------|-----------------|---------------------------------|-------------------------------|
| Ordinary Shares .. | 164.55 | 186.87 | 192.03 | 179.84 | 168.69 | 173.19 | 180.85 |
| Industrials .. | 171.26 | 191.15 | 196.74 | 184.40 | 172.37 | 176.74 | 184.81 |
| Retail Stores .. | 154.65 | 192.66 | 194.68 | 179.08 | 171.12 | 166.38 | 172.78 |
| Bank, Insurance, etc. | 121.11 | 146.97 | 148.29 | 148.89 | 152.14 | 153.87 | 155.61 |
| Pastorals .. | 108.77 | 126.75 | 130.55 | 123.79 | 119.20 | 134.87 | 138.95 |

Melbourne Stock Exchange
Average 3 years' ended June, 1939=1000

| | Preference shares | Bank shares | Silver lead shares |
|--------------------|----------------------|----------------|-----------------------|
| 1938/39 | 1003 | 909 | 810 |
| 1945/46 | 1127 | 933 | 897 |
| 1946/47 | 1159 | 1142 | 1077 |
| 1947/48 | 1197 | 1154 | 1381 |
| 1948/49 | 1170 | 1170 | 1417 |
| 1949—January | 1207 | 1146 | 1558 |
| February | 1166 | 1185 | 1478 |
| March | 1161 | 1175 | 1297 |
| April | 1159 | 1170 | 1236 |
| May | 1151 | 1173 | 1154 |
| June | 1104 | 1163 | 1032 |
| July | 1081 | 1173 | 1151 |
| August | 1124 | 1170 | 1235 |
| September | 1129 | 1175 | 1408 |
| October | 1125 | 1193 | 1486 |

III PRODUCTION

General

THE FOLLOWING TABLE shows the estimated value of production in the various branches of Australian industry between 1938/39 and 1947/48.

Estimated Net Value of Production—Australia

Note : Depreciation and Maintenance Costs have not been deducted.

(£A'000)

| Industry | 1938/39 | 1942/43 | 1943/44 | 1944/45 | 1945/46 | 1946/47 (a) | 1947/48 (a) |
|---------------------|---------|---------|---------|---------|---------|----------------|----------------|
| Agricultural .. | 41,679 | 78,989 | 82,141 | 72,636 | 104,627 | 98,976 | 205,247 |
| Pastoral .. | 63,821 | 101,014 | 108,406 | 98,440 | 86,312 | 130,207 | 193,048 |
| Dairying .. | 33,782 | 42,386 | 44,823 | 46,183 | 49,540 | 49,858 | 60,540 |
| Poultry .. | 7,302 | 10,537 | 12,727 | 14,800 | 15,129 | 14,706 | 16,745 |
| Bee-farming .. | 123 | 323 | 393 | 517 | 413 | 872 | 737 |
| Total Rural .. | 146,707 | 233,249 | 248,490 | 232,576 | 256,021 | 294,619 | 476,317 |
| Trapping .. | 1,422 | 3,550 | 6,684 | 6,207 | 8,554 | 9,380 | 7,303 |
| Forestry .. | 7,811 | 10,590 | 11,488 | 11,531 | 12,537 | 14,695 | 17,768 |
| Fisheries .. | 1,655 | 1,930 | 1,968 | 2,235 | 2,600 | 3,293 | 3,555 |
| Mines and Quarries | 27,375 | 30,767 | 27,612 | 26,831 | 26,288 | 32,476 | 42,581 |
| Total Non-Rural .. | 38,263 | 46,837 | 47,752 | 46,804 | 49,979 | 59,844 | 71,207 |
| Total All Primary | 184,970 | 280,086 | 296,242 | 279,380 | 306,000 | 354,463 | 547,524 |
| Factories .. | 203,416 | 352,001 | 366,236 | 362,284 | 352,323 | 410,862 | 489,631 |
| Total Industries .. | 388,386 | 632,087 | 662,478 | 641,664 | 658,323 | 765,325 | 1,037,155 |

(a) Subject to revision.

NOTE : When using this table the reader should bear in mind the important distinctions made in the Australian statistics between net production and gross production in the primary industries and value of production and value of output in factory industries. In the primary industries, net production is arrived at by deducting value of seeds, fodder and other materials from the figure for gross production at the farm. In respect of factories the figure for value of production excludes raw materials used as well as fuel, light, lubricants, etc. ; but these are included in the figure for value of output.

In 1946/47 (the latest year for which these details have been published) the gross production of primary industries amounted to £A406 million and output of factories to £A1,011 million. The gross production figure for primary industries was thus about 14 per cent more than the net production figure while in the case of factory industries output was nearly 2½ times the production value.

It must, of course, be remembered that during the above period there was an appreciable rise in Australian prices ; between 1938/39 and 1947/48 the Commonwealth retail price index rose by 44 per cent and the wholesale price index by 57 per cent. The rise in export prices of the primary commodities was much greater ; they increased by nearly four times between 1938/39 and 1947/48. The above table therefore gives no indication of the alteration in the volume of production. Indeed any accurate index of the changes in real production in Australia is not at present available.

The value of total production in 1947/48 was nearly three times that of the pre-war year 1938/39; the value of rural production was more than trebled, that of non-rural production almost doubled, whilst the value of all primary production increased almost threefold.

One of the most striking features in Australia's rural economy has been the remarkable rise in recent years in the value of agricultural production; in 1947/48 it reached a level almost five times that of pre-war. Apart from the very favourable prices of recent years, one of the main factors was that Australia's wheat crop in 1947/48 was practically half as large again as in pre-war days. On the other hand whilst the net value of production in the pastoral group was over three times that of pre-war (mainly owing to exceptional prices for wool) the volume of production was little greater. This was due in large part to the very serious droughts Australia experienced in 1944/46. The expansion in the volume of rural production in Australia in the post-war period has been considerably handicapped by the fall of about 10 per cent in the labour force and by the shortage of essential materials.

The growth of secondary industries in the last ten years has been remarkable. The fact that the proportionate increase in value of factory production was appreciably less than that of primary products should not be allowed to mask the actual expansion which has taken place in manufacturing industries. Between 1939 and 1948 the number of factories in Australia rose by well over a third, the labour force employed increased by about a half, and to-day nearly one in three of all Australian workers is engaged in some branch of manufacturing industry. Whilst the war gave a tremendous stimulus to Australian industrialisation, a good deal of the expansion has taken place in the post-war period; 29 per cent of the increase in the number of factories and 13 per cent of the increase in the labour force occurred between 1944/45 and 1947/48. Whilst there has been a vast increase in the range of production of Australian manufacturing industry, full development of the capacity of her secondary industry has been hampered by the shortage of basic materials and manpower.

Primary Production

General

Rural conditions in Australia to-day present something of a paradox and this has been pointed out in an article published in the Monthly Summary of the National Bank of Australasia on 10th June, 1949. On the one hand, in terms of their monetary incomes, the primary producers in Australia have rarely been as prosperous as they are to-day. On the other hand, the volume of production, at least in the pastoral as opposed to the strictly agricultural industries, is little greater than it was pre-war. This is perhaps the most striking feature in the post-war economy of rural Australia.

The Bureau of Agricultural Economics has estimated that the gross value of rural production in 1947/48 was about £A603 million, and will probably be found to exceed £A600 million in 1948/49. In the five years ended 1938/39 the value of rural production averaged £A211 million annually. In other words, rural production to-day is worth no less than 285 per cent of the average pre-war level. Excellent climatic conditions have prevailed in the last two seasons. Most of this large increase in income, however, has resulted from unprecedented levels in world prices for that portion of the nation's primary production which is exported, although in many commodities domestic prices are also well in advance of pre-war.

Appendix XI shows in detail the marked upward trend of export prices in recent years.

In the pastoral industries there has not, generally speaking, been an increase in the volume of production corresponding to that which has taken place in value. These industries have been slow to recover from the serious droughts of 1944/46. The production of wool in 1948/49 is slightly greater than it was for the average in the five years ended 1938/39 (1,035 million lbs. compared with 995 million lbs.), but it was less in 1947/48 at 977 million lbs. The number of sheep averaged over 111 million in the five years ended 1939, but was in 1948 only 102.5 million and in 1949 108.73 million. The number of dairy cattle in 1949 was 9 per cent greater than in 1939, but the number of dairy cows in milk was 10 per cent less. The production of butter in 1947/48 at 162,000 tons, and in 1948/49 at approximately 165,000 tons, was considerably below the 195,000 tons which was the average in the five years pre-war. Production of cheese and milk has, however, risen. Although there is slightly more beef and veal than pre-war, there has been a marked drop in the production of mutton. The production of meat as a whole is still less than pre-war.

Agricultural production, however, presents a much more encouraging picture. Owing to an excellent season, 1947/48 was a year of record production for cereals (wheat, barley and oats). The 1947/48 wheat crop was about 42 per cent greater than the pre-war average of 154.3 million bushels. The estimated 1948/49 crop, although about 28 million bushels less than the previous year, still exceeds the pre-war average by about 24 per cent. Barley and oats are also expected in 1948/49 to produce a volume of 85 per cent and 40 per cent, respectively, in excess of pre-war averages. Thanks also to good seasons the production of sugar in 1948 was a record, and is likely to be surpassed by the 1949 season.

Another factor which commentators find disquieting in Australian primary production is that the number of people engaged in rural occupations has declined since before the war. It is estimated that in July, 1939, 522,000 persons were engaged in the rural industries, compared with only 464,000 persons in June, 1947. Meanwhile, the Australian population has grown from about 6,960,000 in June, 1939, to about 7,710,000 in 1948. Apart from being faced with a serious shortage of labour, primary producers have also had to contend with a severe shortage of materials, coupled with increased costs of production and marketing expenses. Steel products, cement, timber, wire netting and fumigants to combat the serious rabbit menace, are all urgently needed throughout the country; machinery, tractors and spare parts have also been in short supply.

The National Bank concludes its article referred to above as follows:

"The future of Australia's great primary industries cannot be permitted to rest upon the slim foundation of abnormally good seasons and abnormally high world prices for some of the main products.

"The considerable financial prosperity which has come the way of rural industry over the past few years has been valuable in many respects. But the fact that this financial prosperity has not had enlarged production at its base exposes a serious weakness in future prospects. Loss of people, more or less stagnant levels of production, inability to carry out the maintenance work needed on much of the industry's productive assets hardly provide a solid foundation to withstand declines in world prices for a number of our most important primary products—on present world tendencies a not unlikely event within the next few years."

Against these discouraging factors must be placed the encouraging one that many of the important primary products have secured for themselves much more

suitable marketing conditions than pre-war, owing largely to the conclusion of long-term contracts with the United Kingdom. The United Kingdom has, for instance, agreed to take the whole of Australia's exportable surplus of mutton, lamb, beef and pigmeat until 1950, of sugar until 1952, of eggs until 1953, and of butter and cheese until 1955. Annual agreements have, in addition, been entered into with the United Kingdom for Australian wheat and fruit.

In July, 1949, the Bureau of Agricultural Economics made a forecast of the likely trend of export prices of primary commodities in 1949/50. The Bureau reported that Australian export income would decline in 1949/50 for the first time for many years; it would probably be about £A426 million as against £A546 million in 1948/49.* The figure is, however, still $3\frac{1}{2}$ times the average of £A127 million for the five years ended 1938/39.

The Bureau continued as follows:

"The expected decline during the next year will be due mainly to lower export prices for wheat, coarse grains and wool. The value of exports of metals and manufactures will also be considerably lower, due to the collapse of overseas markets for lead.

"Although the new crop season has commenced favourably and another large wheat harvest is in sight, wheat exports in 1949/50 may fall in value by more than £A45 million. Probably from 10 to 20 million bushels less wheat will be shipped as grain and flour at an average value per bushel less than 70 per cent of last year's. The value of other grains exported is likely to fall by about £A10 million, also due to smaller export sales and to much lower prices for oats and barley.

"The 1949 wool clip is estimated at 1,080 million lbs. greasy, compared to 1,035 million lbs. last year. The export cheque for wool and sheep skins, however, may be about £A59 million lower than in 1948/49 as a result of a possible fall in the price of about 20 per cent.

"Australian production of sugar in 1949 is estimated at 958,000 tons, or 16,000 tons more than last year's record crop. As a result, both the volume and value of sugar exports will be higher than in 1947/48.

"Commodities whose export values are expected to rise in 1949/50 are principally livestock products other than wool, viz., dairy products, meat and eggs. These increases will be due partly to higher export prices and partly to larger quantities shipped.

"In 1949/50 exports of beef and veal are likely to rise by about 15,000 tons and may be worth nearly £A1.5 million more than last year.

"The recovery of lamb exports has been retarded by demand for re-stocking. Even with wool prices fairly firm, however, lamb exports in 1949/50 will probably rise to about 46,000 tons. Coupled with the recent increases in the United Kingdom contract price, this should result in additional export earnings from lamb of about £A1 million.

"It will be noted that the decline is expected to occur in respect of those commodities which have shared most heavily in greatly increased export income in the last two years. Although the likely fall in the total value of exports is of the order of 20 per cent, the fall is not yet general. It springs chiefly from three or four products whose export prices have been abnormally inflated. Export returns for other products, and particularly those covered by long-term contracts, are continuing to rise. This is an important consideration when gauging the possible effects of the expected decline upon the Australian economy as a whole."

An interesting development for primary production generally has been the decision in 1948 by the United Kingdom Overseas Food Corporation, acting jointly with the Queensland Government, to establish a 250,000 acre grain sorghum farm in Queensland. Initially the intention is to ship the sorghum grown on this.

*NOTE: The downward trend may, of course, be checked as a result of the devaluation of the £A.

project to the United Kingdom as a feed for pigs. Eventually it is hoped to develop the pigs also in Queensland, and to export them to the United Kingdom.

In the first year's operations about 30,000 acres were planted with grain sorghum; it was hoped that about one million bushels would be available for the United Kingdom, but owing to adverse weather conditions at the time of harvesting, it is unlikely that more than half the original estimate will be realised. Eventually it is hoped to produce 7,500,000 bushels of sorghum a year, which will provide feed for 500,000 pigs.

Livestock

Appendix VI gives details of the livestock population of Australia in recent years.

Sheep Industry

The following table, compiled by the Commonwealth Statistician, shows the distribution of the sheep population of Australia according to States for 1939 and from 1945 to 1949.

| State or Territory | Beginning of the year 1939 | As at 31st March | | | | | Percentage Increase (+) or Decrease (-) from 1939 to 1949 |
|---------------------------------|----------------------------|------------------|--------|--------|---------|---------|---|
| | | 1945 | 1946 | 1947 | 1948 | 1949 | |
| | 000's | 000's | 000's | 000's | 000's | 000's | |
| New South Wales .. | 48,877 | 46,662 | 44,076 | 43,105 | 46,065 | 50,404 | + 3.12 |
| Victoria .. | 17,007 | 16,457 | 14,655 | 16,598 | 17,931 | 19,170 | +12.72 |
| Queensland .. | 23,159 | 21,292 | 18,944 | 16,084 | 16,743 | 16,499 | -28.76 |
| South Australia .. | 9,937 | 8,474 | 6,786 | 7,959 | 9,055 | 9,359 | - 5.82 |
| Western Australia .. | 9,178 | 10,050 | 9,766 | 9,787 | 10,444 | 10,872 | +18.47 |
| Tasmania .. | 2,626 | 2,156 | 1,926 | 1,933 | 2,087 | 2,160 | -17.75 |
| Northern Territory .. | 30 | 29 | 18 | 28 | 19 | 26 | -13.33 |
| Australian Capital Territory .. | 245 | 251 | 225 | 228 | 215 | 238 | - 2.86 |
| Australia .. | 111,059 | 105,371 | 96,396 | 95,723 | 102,559 | 108,728 | - 2.10 |

The number of sheep in Australia reached a peak point of 125.5 million in 1941/42. Serious droughts in the following years, particularly in 1944/46, greatly reduced the flocks. The decline between 1942/47 was continuous, and the losses between these years totalled almost 30 million. The Australian sheep industry has, however, shown remarkable powers of recuperation and since 1947 there has been a recovery of 13 million. The numbers at March, 1949, are 2.1 per cent below the level of 1939.

Closer settlement has made serious inroads on old-time wool pastures, and agricultural development has swollen wheat production at the expense of sheep. Nevertheless, in 1948/49 an increased lamb drop and a low level of slaughtering of sheep and lambs, together with improved seasonal conditions, have brought about a steady increase in numbers.

Australia is essentially a merino sheep country, specialising in the production of the world's major requirements in respect of fine wools. The proportion of merino to cross-bred sheep has, however, declined in recent years. In 1939, 78.8 per cent of Australian sheep were merino. This proportion was reduced to 70 per cent in 1947 (the last year in which statistics were compiled), while cross-breeds increased between 1939/1947 from 11.6 per cent to 18.9 per cent. The inroads of closer settlement with the cutting-up of the old-time large properties and the development of the frozen meat industry have tended to increase the cross-bred proportion, which was emphasised during the period of the war by the demand for the cross-bred for khaki clothing for troops.

Wool

On the outbreak of war the British Government agreed to purchase the Australian wool clip for the duration of the war and for one full wool season after its conclusion, at an agreed average price. Wool was no longer sold at auction but the whole of the clip was appraised to determine the value of each grower's wool in accordance with a scale of values laid down. This scheme operated for seven years, open auctions being resumed again in 1946/47.

The financial results of the first year of open auctions were gratifying but they have sunk into secondary importance when compared with the figures established in the seasons 1947/48 and 1948/49. An insatiable world-wide demand for wool, particularly in respect of the finer descriptions, was responsible in these years for creating what has been termed "the most remarkable range of values in wool trade history". The amount realised for the Australian clip in the 1947/48 season was a record up to that time, exceeding the previous wool season's figure by more than £A50 million and reaching a total more than double the pre-war season's wool cheque. The wool cheque for 1948/49 was even greater.

The following two tables, taken mainly from Messrs. Dalgety's figures, show the clip values from 1939/40 onwards and the total number of bales:

| Year | | £A | Bales |
|---------|----|-------------|-----------|
| 1939/40 | .. | 65,246,476 | 3,669,400 |
| 1940/41 | .. | 60,937,986 | 3,611,923 |
| 1941/42 | .. | 63,127,615 | 3,656,013 |
| 1942/43 | .. | 74,107,286 | 3,591,457 |
| 1943/44 | .. | 74,131,852 | 3,708,212 |
| 1944/45 | .. | 62,512,576 | 3,175,618 |
| 1945/46 | .. | 58,508,930 | 2,895,391 |
| 1946/47 | .. | 92,601,206 | 3,025,069 |
| 1947/48 | .. | 155,784,245 | 3,071,241 |
| 1948/49 | .. | 194,589,170 | 3,241,616 |

The average price of all wool sold (greasy and scoured) in 1948/49 was £A60 0s. 7d. per bale and 48.49d. per lb. These figures compare with £A50 11s. 8d. per bale and 39.98d. per lb. in 1947/48 and £A31 6s. 6d. per bale and 25.20d. per lb. in 1946/47. The previous Australian record of £A34 19s. 8d. per bale was in the 1924/25 season, when the turnover was 1,587,750 bales and the wool cheque £A55,545,838. The weight of the 1947/48 clip was 936,334,038 lbs., compared

with 903,632,541 lbs. in 1946/47 and with 878,580,815 lbs. in 1945/46. The weight of the 1948/49 clip was 963,088,313 lbs.

These results are all the more remarkable when it is borne in mind that they have been secured despite the competition of heavy offerings of old wool clips from the stocks of United Kingdom-Dominion Wool Disposals Ltd. (commonly known as the Joint Organisation). The Joint Organisation was set up in 1945 to dispose of all the accumulated surplus of Dominion wool bought during the war by the United Kingdom. This surplus amounted, in 1945, to 10.5 million bales, or rather more than two years' production of the three Dominions—New Zealand, Australia and South Africa. In addition to the current clip sold on account of growers, Joint Organisation disposed of 825,559 bales of Australian wool by auction in 1947/48 and in 1948/49 of 1,008,240 bales. The Joint Organisation stocks at 30th June, 1948, amounted to 2,271,000 bales, of which 1,893,263 bales were held in Australia. Stocks at 30th June, 1949, were 1.7 million bales, two-thirds of this stock consisting of Australian wool. Although more than 500,000 bales are of merino types, most of it is of inferior quality.

The reasons for the exceptionally favourable returns secured by woolgrowers are not far to seek. In the first place, seasonal conditions in wool growing areas throughout Australia during 1947/48 were generally good, while in 1948/49 they can be regarded as excellent. In 1947/48 the clip in New South Wales, Victoria and South Australia was a well-grown product with a staple of good length. Only in Queensland were the offerings of average standard, owing to the prevalence of drought. In 1948/49, New South Wales, Victoria, South Australia and Tasmania experienced seasonal conditions which have been described as "ideal". Northern Queensland, however, was again affected by drought.

To good seasonal conditions was added an unprecedented world-wide demand for wool. A similar boom followed the close of World War I, but it was short-lived and cannot be compared with the position to-day. This position has been described in Messrs. Dalgety's Annual Wool Review for 1947/48 in the following terms :

"The wool-using population of the world has increased enormously in recent years and production of apparel wool has not kept pace in volume with the expanding demand. This applies particularly to the merino and fine crossbred wool which is the backbone of the Australian industry. In North America, the domestic wool clip has decreased considerably and is now far below the requirements of a wool-using industry which, at the moment, absorbs more raw material than any other country in the world. To some extent this fact has been obscured by wartime stockpile accumulations, but as these disappear the position will develop to such an extent as to be a very big factor in the demand for the world's exportable wool surplus. Australian and South African flocks have suffered seriously from drought losses, while English and Continental flocks were decimated during the war years. South American sheep numbers, very largely made up of cross-bred descriptions, have also declined for various reasons. Serious inroads to the process of rebuilding flocks continue in U.S.A., South America and Continental countries for food requirements, while closer settlement in Australia, and elsewhere, is tending to swell agricultural production at the expense of pastoral country, so that the restoration of world sheep numbers is likely to be slow even under the most favourable seasonal conditions. On the other hand, the demand for woollen clothing shows no indication of declining even at the present high level of values. So many countries were entirely denuded of woollen clothing during the war years, that the accumulated demand was altogether without precedent.

"Furthermore, the superiority of wool as a clothing fibre was so widely recognised during the war period that new customer countries are becoming substantial clients of the Australian producer. Never since Australian wool rose to a position of world

importance has the demand approached its present dimensions. The work of rehabilitation in war-ravaged countries is giving profitable employment to millions who desire to replenish wardrobes completely emptied during the war. Thus the general outlook for wool becomes very healthy, providing peace conditions continue to prevail."

The question uppermost in wool producing circles is how long high prices are likely to continue. At some stage there must clearly be a recession from the altogether exceptional prices of the last two years, and prices in the 1948/49 season, particularly since April, 1949, showed some fluctuation. Nevertheless, conditions to-day indicate that wool growers will continue to enjoy profitable returns for some time to come. Sales in the 1949/50 season have opened on a firm note, with prices well up to the closing rates of the previous season. The decision to devalue the £A in relation to the dollar in September, 1949, may well result in increased competitive bidding by American buyers, with the result that high wool prices for finer grades may be more than maintained.

The concentrated demand for the finer descriptions of wool has, so far, shown no signs of diminution. It would appear that these descriptions are being consumed faster than the world's sheep flocks are producing them. Accumulated wartime stocks have masked this deficiency in production but these have now been heavily drawn upon and in the residue there is a comparatively small proportion of the types most in demand to-day. The continuance of shortages and of high prices will obviously intensify among consumers the search for substitutes for wool. Nevertheless, no really effective substitute has yet been produced despite enormous expenditure in research and experimental work. The Australian grower is for his part very active in subsidising research directed towards opening up fresh avenues for the use of wool and making it attractive in countries where the demand has hitherto been small. Developments in the production of lightweight woollens for tropical wear may be quoted as one instance of this.

The following table compiled by the Commonwealth Statistician shows exports of greasy wool to principal destinations during the past two seasons :

| Wool—Greasy | 1947/48 | | 1948/49 | |
|------------------------------|-----------|------------------|-----------|------------------|
| | Centals | £A'000 f.o.b. | Centals | £A'000 f.o.b. |
| United Kingdom | 2,774,012 | 40,962 | 3,556,908 | 67,975 |
| Belgium | 1,064,193 | 13,015 | 951,969 | 14,237 |
| France | 1,555,481 | 19,357 | 1,963,006 | 34,488 |
| Germany | 187,687 | 3,720 | 172,077 | 3,692 |
| Italy | 380,658 | 6,486 | 1,042,606 | 21,384 |
| Japan | 18,342 | 399 | 226,466 | 4,799 |
| Soviet Russia | | | | |
| Baltic and Northern Ports .. | 31,829 | 807 | 65,481 | 1,761 |
| Black Sea Ports | 86,169 | 2,046 | 358,316 | 9,735 |
| Pacific Coast Ports | — | — | 23,954 | 676 |
| United States of America .. | 1,188,691 | 23,301 | 703,543 | 18,642 |
| Other countries | 455,167 | 8,524 | 752,142 | 18,406 |
| Total | 7,742,229 | 118,617 | 9,816,468 | 195,795 |

Total exports of all wool, both scoured and greasy, were :

1947/48— 9,377,977 centals valued at £A148,738,000.

1948/49—11,385,135 " " " £A231,664,000.

The United Kingdom has regained during the last two seasons her pre-war position as Australia's best wool customer, which she lost temporarily in the immediate post-war years. Exports to the dollar areas have declined steadily since 1946/47. France is now the second most important destination; while during 1948/49 Italy, the Soviet Union and Japan have taken much larger quantities.

In 1946/47 and 1947/48, local manufacturers (aided by a Government subsidy on wools bought for local manufacture) took 22 per cent of the total wool clip. This compares with 5.3 per cent in 1920/21 and 10.5 per cent in 1936 to 1939.

The question of "post J.O." marketing has been the subject of a good deal of discussion in wool growing circles, and various Australian producer organisations have given considerable thought to the matter. The existing J.O. Disposals Plan is expected to terminate within the next year or so. Various proposals have been put forward, not only in Australia, but in New Zealand and South Africa also, for a new type of Commonwealth marketing scheme, incorporating a similar system of reserve prices. These schemes—none of which has yet secured official endorsement—protect the producer but not the consumer (although it is intended that the United Kingdom should participate). The General Manager of J.O. has suggested that the matter can appropriately be considered in 1950 when the Governments concerned with J.O. are due to review the activities of the organisation.

That the Australian wool grower is very much alive to the necessity for research has already been mentioned. The Commonwealth Bureau of Agricultural Economics has established a Wool Section, which is intended to provide a fully co-ordinated investigation and study of the economics of wool production, transportation and marketing. The Bureau of Agricultural Economics was established in August, 1945, to meet the need for a Commonwealth research and investigating authority in the fields of agricultural economics and rural policy. It comprises the following sections :

- (i) General and Statistics ;
- (ii) Agricultural commodities ;
- (iii) Land use ; and
- (iv) Wool.

The Wool Section, in common with all other sections of the Bureau, has no administrative functions. It is charged with the duty of undertaking fact-finding researches, studying and interpreting the facts and making the results available to all concerned.

The Section discharges the Bureau's responsibility for economic wool research under the Wool Use Promotion Act of 1945 and is financed from the Wool Research Trust Account. Under this Act the proceeds from the Wool Tax of 2s. per bale are paid into the Wool Use Promotion Fund, which is available to the Australian Wool Board for "promoting the use of wool throughout the world". The Commonwealth Government pays a similar amount from Consolidated Revenue into the Wool Research Trust Account to be used in "scientific, economic and cost research, and in the co-ordination and application of the results of such research". The Commonwealth Scientific and Industrial Research Organisation is responsible for biological and textile research, and the Bureau of Agricultural Economics for economic research. The two organisations work in close co-operation in their wool research programmes.

Meat

The following table, compiled by the Commonwealth Statistician, shows production of meat (bone-in-weight) in Australia for the years 1936/39 (average) and 1943/44 to 1948/49 :

| Year | Tons |
|------------------------------|-----------------|
| 1936/39 (average production) | .. 976,517 |
| 1943/44 | 1,043,487 |
| 1944/45 | 983,517 |
| 1945/46 | 805,307 |
| 1946/47 | 885,201 |
| 1947/48 | 947,074 |
| 1948/49 (a) | 971,389 |

(a) Subject to revision.

The production of meat has steadily improved since the drought years of 1944/46. It was, however, in 1948/49 still some 5,000 tons short of the average production of the last three pre-war years. Production of beef and veal, was 572,000 tons in 1948/49, some 12,000 tons greater than production in 1938/39. Lamb production in 1948/49 at 138,000 tons is greater than in 1938/39, when it was 115,000 tons. There has, however, been a pronounced drop in mutton production, which fell from 206,000 tons in 1938/39 to 166,000 tons in 1947/48, but has recovered slightly in 1948/49 to 173,000 tons. This drop resulted from a substantial reduction in sheep slaughterings, which is attributed to action being taken by sheep farmers to build up flocks, following serious losses caused by drought in 1944 and 1945. The high level of wool prices was another contributing factor. The value of livestock—other than pigs—slaughtered (excluding sheep skin values) has risen since pre-war (according to the Bureau of Agricultural Economics) by roughly 114 per cent to £A63.5 million.

In its annual report for the year ended 30th June, 1948, the Australian Meat Board sums up the present state of the industry as follows :

"The Australian meat industry has reached a stage where it is unable to supply all the demands for its production. After the uncertainties of the pre-war period the assured demand, with adjusted and regular prices, which obtained during the war years, brought a measure of stability to all sections of the industry, except perhaps pig production in the later stages, but on the other hand wartime necessities largely prevented the undertaking of developmental work on holdings. Quantity in production was emphasized rather than quality, and in consequence the improvement of herds and flocks was adversely affected. Then, through the effects of the major droughts of 1945 and 1946, a great portion of the economic gains of the war period was swept away. . . . Between 1944 and 1946 estimated total meat production (bone-in basis) dropped from 1,043,487 tons to 805,307 tons.

"Some recovery, both in stock numbers and in meat production, has since taken place as the figures show, though as regards beef production, the full effects of drought losses may not be felt till after two or three years from the present time.

"The present period is, therefore, one of building up towards recovery of the earlier position after a period of serious losses and of laying the foundations for the expansion of production beyond the levels hitherto reached."

The United Kingdom takes the whole of Australia's exportable surplus of mutton, lamb, beef and pigmeat (with the exception of small quantities required for private export trade). The present contract runs to 1950, and fresh prices are fixed annually. The following table compiled by the *Pastoral Review* from

the records of the Australian Meat Board shows the quantities of frozen and chilled meat exported to the United Kingdom since 1938/39 :

| Season taken as from 1st July to 30th June each year | Mutton Carcases | Lamb Carcases | Beef Carcases |
|---|--------------------|------------------|------------------|
| 1938/39 | 734,907 | 4,896,353 | 1,380,502 |
| 1939/40 | 824,298 | 5,599,240 | 1,310,059 |
| 1940/41 | 324,320 | 6,986,532 | 703,859 |
| 1941/42 | 128,553 | 5,142,162 | 336,388 |
| 1942/43 | 413,950 | 5,282,249 | 17,011 |
| 1943/44 | 519,920 | 4,013,027 | 74 |
| 1944/45 | 450,218 | 3,336,766 | 65,853 |
| 1945/46 | 194,869 | 1,120,117 | 248,493 |
| 1946/47 | 986,142 | 2,783,187 | 962,704 |
| 1947/48 | 416,679 | 2,487,834 | 1,463,604 |
| 1948/49 | 591,643 | 2,058,699 | 852,240 |

Exports of carcase meat were estimated by the Commonwealth Statistician in 1948 to fall short of average exports during the three years ended 1938/39 by 22.6 per cent. There has, however, been a remarkable expansion in exports of canned meat from 5,500 tons (canned weight) pre-war to 42,300 tons (canned weight) in 1947/48, and, as a result, the total meat exports, including canned, cured and dehydrated meat expressed as carcase meat, were estimated in 1947/48 to be 4.2 per cent in excess of the corresponding pre-war figure.

As has already been stated the demand for Australian meat now exceeds the supply, and exports of lamb and beef in particular fell sharply in 1948/49. In January, 1949, the *Pastoral Review* summed up the export trade prospects as follows :

"There are, of course, many factors which have contributed to the present unsatisfactory condition and prospects of the meat export trade. Among them may be mentioned the disruptive effects of the war years, the depletion of livestock numbers owing to drought conditions, shortage of labour, and industrial unrest with attendant strikes and "go slow" periods affecting not only the meat industry in a direct manner—such as occurred in Victoria during the present season—but also the supply of materials essential to the maintenance of properties at a high level of production. On the political side we have the discouraging effect of high taxation, and finally there is the more recent and very important factor of the marked rise in the value of wool, which is influencing graziers located in areas where such a policy is practicable to change over to the finer woolled types of sheep. This swing to merino types will have an immediate effect on the production of the best class of lamb for the export trade, and in addition will accentuate the existing scarcity of ewes requisite for the breeding of the most suitable types of lambs for overseas markets."

The Commonwealth Statistician estimates that Australian consumption of meat, including canned and cured meat in terms of carcase meat weight, was 705,000 tons in 1947/48 compared with 646,100 tons in 1946/47 and with an average consumption of 749,800 tons during the three years ended 1938/39.

Meat was rationed in Australia between January, 1944, and June, 1948. Rationing caused a reduction in consumption from the pre-war figure of 253.0 lbs. carcase weight of all meat per head per annum to 201.7 lbs. carcase weight in 1946/47. Estimates for 1947/48 indicate a rise in consumption per head to 215.5 lbs. carcase weight.

The Australian Meat Board considers that from a long range point of view the future for mutton and lamb in Australia was "never more promising". It also considers that while beef cattle production is largely confined to Queensland, the Northern Territory and the Kimberleys, there are areas in practically all States where considerable additional numbers of beef cattle, and/or beef cattle crosses could be produced, provided satisfactory markets were assured. Manpower and lack of materials, states the Board, continue to be limiting factors in the expeditious development of the meat industry.

A United Kingdom Food Delegation, led by Sir Henry Turner, visited Australia during 1948 to discuss the prospects of the future development of exports of meat to the United Kingdom. In May, 1949, the following official announcement was published in Australia and the United Kingdom :

"The British Government has declared its willingness, in return for an undertaking on the part of the Australian Government to promote development schemes which offer a good prospect of increased supplies of the agreed magnitude, to enter into arrangements that will guarantee a market at reasonable prices in the United Kingdom for the whole of the exportable surplus of meat from Australia up to a specified ceiling during a period of 15 years.

"The British Government is also prepared to set limits upon the fluctuation of prices during a period of seven years, as in the case of the contracts for butter and cheese with Australia.

"Negotiations for a formal agreement will be undertaken as soon as possible."

Since receiving this assurance from the United Kingdom Government, the Australian Government has begun to develop schemes for increased supplies. Quick results cannot, however, be expected and the schemes are necessarily long term. The Prime Minister of Australia announced in August, 1949, that in the Northern Territory proposals had been worked out which should ultimately result in increasing beef supplies by 50,000 tons a year. These included many hundreds of miles of road construction, a substantial improvement in stock routes and a big programme of intensive development at cattle stations. In Western Australia approval has been given for the construction of 500 miles of roads to serve the Kimberleys, together with a large programme of stock route improvements. These plans are directed to increasing the beef output of the Wyndham Meat Works by 10,000 tons a year. In Queensland, proposals have been worked out to increase the potential beef production by about 12,000 tons a year. The Prime Minister stated that emphasis so far has been on northern areas and on beef because of the United Kingdom's need for beef, but that the southern States will be producing plans for increased production of pigmeats and fat lambs.

Butter and Cheese

The following table gives statistics of the quantity of butter and cheese produced during the past few years :

| Year | | | (Long tons) | |
|-------------|----|----|-------------|--------|
| | | | Butter | Cheese |
| 1938/39 | .. | .. | 203,500 | 29,304 |
| 1943/44 | .. | .. | 156,282 | 35,825 |
| 1944/45 | .. | .. | 141,963 | 34,620 |
| 1945/46 | .. | .. | 150,363 | 41,238 |
| 1946/47 | .. | .. | 143,308 | 42,350 |
| 1947/48 | .. | .. | 162,054 | 41,478 |
| 1948/49 (a) | .. | .. | 161,184 | 43,282 |

(a) Subject to revision.

Excellent seasons were experienced throughout Australia in 1947/48 and 1948/49, but, in spite of this, total production of butter was not up to pre-war figures. The industry is reported to have been still in a run-down condition and short of labour and materials. Nevertheless, butter production in Australia during the season 1948/49 was the highest reached since the season 1942/43, whilst total cheese manufacture was the highest yet obtained.

Since the war, Australia has taken Denmark's place as the second largest exporter of butter to the United Kingdom after New Zealand. The following table shows the exports of butter and cheese from Australia for the years 1938/39 and 1945/46 to 1948/49 :

Butter
(Long tons)

| | 1938/39 | 1945/46 | 1946/47 | 1947/48 | 1948/49 |
|--------------------------|---------|---------|---------|---------|---------|
| To United Kingdom .. | 96,985 | 58,738 | 50,950 | 77,616 | 72,400 |
| „ all other countries .. | 5,586 | 5,825 | 6,812 | 6,193 | 9,500 |
| Total .. | 102,571 | 64,563 | 57,762 | 83,809 | 81,900 |

Cheese
(Long tons)

| | 1938/39 | 1945/46 | 1946/47 | 1947/48 | 1948/49 |
|--------------------------|---------|---------|---------|---------|---------|
| To United Kingdom .. | 15,799 | 8,621 | 18,352 | 18,036 | 21,200 |
| „ all other countries .. | 677 | 4,499 | 5,905 | 3,507 | 4,800 |
| Total .. | 16,476 | 13,120 | 24,257 | 21,534 | 26,000 |

Total exports of butter during 1948/49 amounted to 81,900 tons, valued at about £A23,811,000, compared with 83,809 tons, valued at £A20,629,000 in 1947/48, and the record shipment of 117,500 tons in 1939/40. The average quantity during the five pre-war years ended 1938/39 was 96,100 tons. The quantity of cheese exported during 1948/49, viz., 26,000 tons, valued at about £A4,100,000, was a record shipment and exceeded exports during the pre-war year 1938/39 by over 9,000 tons.

To enable the United Kingdom to receive maximum supplies, Australia, like New Zealand, has rationed local consumption of butter since 1943.* The rate has been 6 ounces per head per week since June, 1944. There is, furthermore, a complete ban on the sale of table cream. The operation of rationing, coupled probably with a restricted demand for butter, due to high prices and the increased use of substitutes, has brought about a significant fall in the rate of consumption of butter in Australia. Consumption of butter per head during 1948/49 was the lowest recorded in the past ten years. The gradual decline which has been a feature of the post-war years, continued and consumption averaged 24.28 lbs. a head, compared with 24.72 lbs. per head in 1947/48, 25.29 lbs. in 1946/47 and 32.52 lbs. in 1938/39. If each person in Australia had consumed butter in 1947/48 at the pre-war rate, 26,000 tons less would have been available for export. It is noteworthy that, in spite of this economy, owing to lower production and to a 10 per

*Note by Department : Butter rationing in Australia ended in June, 1950.

cent increase in total population, exports of butter were still some 20,000 tons less than in 1938/39.

The dairying industry itself appears to be in a healthy condition. Producers are now receiving for their goods a price which is related to the cost of production. This fact, combined with current contracts running with the United Kingdom, has brought into the dairying industry an element of stability it previously lacked. Australia has always produced more dairy produce than could be consumed locally and has been dependent on overseas markets. Furthermore, world parity prices have always been below the cost of production. There has therefore been in existence since 1934 an equalisation scheme whereby values for dairy produce sold in Australia are fixed irrespective of overseas markets. By equalising returns from all markets, all factors and all dairy farmers are placed on the same basis.

In 1946, the Commonwealth Government appointed a Joint Dairy Industry and Advisory Committee, which carried out a complete survey of dairy farms throughout the Commonwealth. It established an average cost of production of 2s. per lb. of commercial butter. The Commonwealth Government then guaranteed this figure to dairy farmers for five years, subject to a yearly review of farm costs and factory manufacturing costs. The figure was increased to 2s. 2d. a lb. at the end of the first year, and has since remained at this figure. To keep down the cost of butter to the Australian consumer the difference between the cost of production as determined by the Committee and the cost to the public is bridged by a Commonwealth subsidy. At present this amounts to 30s. 6d. a cwt. on butter and 15s. 4.9d. a cwt. for cheese.

Since 1st July, 1948, a new seven-year contract has been in existence between the Commonwealth and United Kingdom Governments. The prices under this contract are to be subject to review from year to year, but no variation either upward or downward will exceed $7\frac{1}{2}$ per cent of the price fixed for the preceding year. For 1948/49 the prices fixed f.o.b. Australian port are for choicest butter, 291s. 10 $\frac{1}{2}$ d. per cwt. and for choicest and 1st grade cheese, 164s. 4 $\frac{1}{2}$ d. per cwt. (Australian currency in both cases).

The contract figures exceeded the basic returns to butter factories which allow them to pay farmers 2s. 2d. per lb. commercial butter by 20s. 7 $\frac{1}{2}$ d. per cwt. for butter, and 3s. 11 $\frac{1}{2}$ d. per cwt. for cheese. This additional money is being paid by the Australian Government into a trust account, called the Dairying Industries Stabilisation Fund, for the purpose of stabilising returns from exports for the period of the United Kingdom dairy products contract. It is estimated that payments into the fund during 1948/49 will approximate to £A1.75 million.

The chairman of the Australian Dairy Produce Board has stated that under this arrangement producers have been given long-term stability. He regards this as a challenge to Australian dairy farmers so to organize their industry as to secure additional butter and cheese urgently needed by the Mother country now and in the next few years. Under the terms of the contract, Australia has a small quantity of "free" butter and cheese for export to other selected countries.

The Australian Dairy Produce Board has recently been reconstituted and has now been given many of the powers exercised during the war by the Dairy Produce Control Committee. This Committee was created at the outbreak of World War II and ceased to exist on 30th June, 1948. With the advent of long-term contracts for the United Kingdom, a system of advance payments to exporters upon shipment was introduced. This scheme, together with others introduced through war

conditions, has proved of value and importance to the industry, and has now become a permanent feature of administration to be carried on by the Board under its new constitution.

Eggs

The egg producing industry is now generally agreed to be far better organised than it was before the war. Egg Marketing Boards have been appointed under Statute in every State in Australia and the Australian Egg Board, which was set up at the beginning of 1948, is in charge of the exportable egg surplus.

A contract signed in 1948 between the Australian Government and the United Kingdom Ministry of Food provides that the United Kingdom will take the surplus production of eggs in shell and egg products up to and including the season 1952/53. This, according to the secretary of the Egg Producers' Council in Australia, can be accepted as a reasonably long-term contract which should give stability to the poultry industry. In announcing the contract, the Minister for Commerce and Agriculture said :

"The new contract envisages that yearly progressive increases in production and export shall commence in 1948/49, the objective being to achieve an export target of 105 million dozens (3½ million cases) per season, in all forms—eggs in shell, egg pulp, and egg powder. In the event of Australian exports not expanding sufficiently to provide a total shipment of eggs and egg products during the two years 1949/50 and 1950/51 of the equivalent of 4½ million cases, the Ministry of Food will have the right to call in January, 1951, for a review or revision of the quantities which the Ministry is committed to accept from Australia for the balance of the contract period.

"To achieve before 1952/53 the full increase in egg exports as desired by the British Ministry of Food, Australian egg production must necessarily be increased from its present level of 124 million dozen eggs annually to approximately 180 million dozen. This will mean an increase of 5½ million birds in poultry flocks by 1952/53. Poultry flocks cannot be increased for the 1948 export season, as they are already in existence, but it was anticipated that by early 1949 increases in egg production will be evident.

"It is proposed that an export target be set for the seasons 1949/50 and 1950/51 of a total of 4½ million cases for the two years. This represents an average of 2½ million cases per season as compared with the export for the season 1946/47 of 1½ million cases.

"This will require an increase of poultry flocks by approximately two million birds, which will result in an increase in consumption in Australia of over two million bushels of wheat or other foodstuffs each year."

It is said that the fulfilment of this contract will depend largely on the availability of feeding-stuffs at a reasonable cost. Prices (at 2s. 4d. a dozen for shell eggs—15 lb. pack) have been fixed until June, 1951, after which they are subject to negotiation within agreed limits.

It is very difficult to assess the aggregate production of eggs in Australia. The Commonwealth Statistician has estimated that, including production in uncontrolled areas and "backyard" production, the aggregate egg production during 1947/48 was approximately 206 million dozen as compared with a pre-war average of 154 million dozen. Supplies of shell eggs to the United Kingdom are greater now than pre-war, and accounted in 1948 for just over one-fourth of United Kingdom imports.

Wheat

The following table compiled by the Commonwealth Statistician gives details of the area under wheat in Australia and the yield during the last few years :

Wheat for Grain

| Year | Area | Yield | Average yield per acre |
|-------------------------------------|------------|--------------|------------------------|
| | '000 acres | '000 bushels | bushels |
| Average five years ended 1938/39 .. | 12,980 | 154,325 | 11.89 |
| 1944/45 | 8,463 | 52,880 | 6.25 |
| 1945/46 | 11,425 | 142,410 | 12.46 |
| 1946/47 | 13,180 | 117,262 | 8.90 |
| 1947/48 | 13,880 | 220,116 | 15.85 |
| 1948/49 (a) .. | 12,915 | 191,708 | 14.84 |

(a) Subject to revision.

Production of wheat has fluctuated considerably in recent years ; owing to one of the worst droughts in Australia's history, the crop in 1944/45 was under 53 million bushels. Thanks, however, to an excellent season in 1947/48, the crop in that year was an Australian record of about 220 million bushels, 42 per cent greater than the pre-war average. (Some of this wheat was, however, of poor quality, owing to adverse weather conditions during harvesting, particularly in New South Wales.) The wheat crop in 1948/49, although about 14 per cent below the record crop of 1947/48, was about 24 per cent above the average for the five pre-war years ended 1938/39 : the estimated average yield was almost three bushels per acre higher.*

The following table shows the distribution of the yield of 1947/48 according to producing States. Details of the five-year average for the period ended 1938/39 are also added for purposes of comparison :

Production of Wheat—by States

| State | Average five years ended 1938/39 | | 1947/48 | |
|---------------------------------|----------------------------------|------------------------|--------------|------------------------|
| | Yield | Average yield per acre | Yield | Average yield per acre |
| | '000 bushels | bushels | '000 bushels | bushels |
| New South Wales | 53,634 | 12.87 | 95,227 | 18.88 |
| Victoria | 34,505 | 13.68 | 46,962 | 14.55 |
| Queensland | 4,223 | 13.54 | 10,685 | 23.11 |
| South Australia | 32,578 | 10.52 | 32,524 | 13.64 |
| Western Australia | 28,984 | 10.12 | 34,500 | 12.50 |
| Tasmania | 359 | 22.64 | 118 | 15.20 |
| Australian Capital Territory .. | 42 | 23.44 | 100 | 20.90 |
| Total | 154,325 | 11.89 | 220,116 | 15.85 |

*Note by Department : In February, 1950, the Commonwealth Statistician forecast a total crop for the 1949/50 season of 216½ million bushels, with an average yield of 17½ bushels per acre.

The following table shows the quantities and value of wheat exported in the years 1947/48 and 1948/49, compared with 1938/39 :

| Country of Destination | 1938/39 | | 1947/48 | | 1948/49 | |
|------------------------|--------------|---------------|--------------|---------------|--------------|---------------|
| | Quantity | Value | Quantity | Value | Quantity | Value |
| | '000 bushels | £A'000 f.o.b. | '000 bushels | £A'000 f.o.b. | '000 bushels | £A'000 f.o.b. |
| United Kingdom .. | 32,235 | 4,444 | 17,226 | 14,751 | 34,198 | 27,991 |
| India | 6,922 | 958 | 21,336 | 19,402 | 16,939 | 14,915 |
| Other countries .. | 23,972 | 3,333 | 21,612 | 18,660 | 31,625 | 23,781 |
| Total | 63,129 | 8,735 | 60,174 | 52,813 | 82,762 | 66,767 |

Of the exportable surplus of the 1947/48 record crop, 80 million bushels of wheat and flour were sold at 17s.(A) per bushel to the United Kingdom Ministry of Food for shipment to the United Kingdom and such other British areas as Ceylon, Malaya, Hong Kong, etc., whilst India purchased 25 million bushels, mainly wheat, at 18s. 6d.(A) per bushel. Of the exportable surplus of the 1948/49 crop the United Kingdom Ministry of Food has purchased 60 million bushels in all, at a price of 13s. 6d.(A) per bushel up to 31st March, and 12s. 10½d.(A) per bushel from 1st April to 31st July. India has purchased 25½ million bushels of wheat and 2½ million bushels of wheat equivalent as flour at a price of 14s. 8d.(A) per bushel. India has also subsequently purchased a further 100,000 tons of flour, equivalent to about 5 million bushels of wheat, also at 14s. 8d.(A) per bushel.

Prices of wheat have risen steadily over the last ten years. According to the Commonwealth Statistician, the average annual export value of wheat for the five years ended 1938/39 was 3s. 9.9d.(A) per bushel. In 1947/48 it had risen to 17s. 6.6d.(A) per bushel. There has been some recession since (from a maximum price of 20s. 6d.(A) to 14s. 6d.(A) per bushel), as the margin between import demand and export availability has narrowed, but the export market still remains active.

The International Wheat Agreement became operative from 1st August, 1949. Australia is a signatory to that Agreement and the 1949/50 Australian crop will be sold under its terms. The Agreement is for four years, and Australia's annual quota for export is 80 million bushels. The maximum price will be 180 cents per bushel (Canadian currency) and the minimum 150 cents for the 1949/50 season.

The accumulation of wheat due to wartime shipping difficulties and the need to expand production of foodstuffs led during the war years to a greatly increased consumption of wheat as stock feed. Australian stock feed consumption increased from 10 million bushels in 1940 to almost 45 million bushels in 1944. From 1945 to 1948, however, the quantity of wheat available for stock feed was restricted to about 25 million bushels a year, which has permitted a corresponding increase in exports. These restrictions have been withdrawn since 1948. The quantity of wheat used for stock feed in 1949 will probably be about 22 million bushels.

Immediately on the outbreak of war in 1939, the Commonwealth Government established the Australian Wheat Board to control the handling and marketing of wheat. During the war the Government acquired all wheat stocks in Australia, and each crop harvested was subject to acquisition, with the exception of seed wheat and wheat required by growers for their own use. The Board maintained its operations throughout the war years under National Security Regulations. The

Government also set up during the war a Wheat Industry Stabilization Board, which controlled the acreage to be sown for wheat.

Since the war the Commonwealth Government has devoted a good deal of attention to the creation of a peace-time wheat stabilization plan, and it was agreed in 1946 by the Commonwealth and State Governments that joint action should be taken to implement a plan to supersede that which operated during the war years under emergency Commonwealth legislation. To quote a summary prepared by the Commonwealth Statistician :

"Later in that year the Commonwealth Government passed the Wheat Industry Stabilization Act, 1946, the Wheat Export Charge Act, 1946, and Wheat Tax Act, 1946, for the purpose of implementing a permanent stabilization plan, but constitutional limitations of the Commonwealth marketing powers necessitated complementary State legislation in order to make it effective. Appropriate legislation was passed by Queensland, Tasmania, South Australia and Western Australia. In the latter two States, however, the enactments were subject to a poll of growers to ascertain their wishes. In January, 1947, South Australian growers rejected the proposal by a narrow majority, while in Western Australia no poll was taken. In Victoria a bill was passed by the Legislative Assembly but was not submitted to the Legislative Council, while in New South Wales no legislation was introduced.

"The failure of some States to pass the necessary complementary legislation precluded the establishment of the Commonwealth's plan on a permanent basis, as provided by its 1946 legislation and the Premiers' Conference in August, 1947, agreed to the extension of the Commonwealth's wartime marketing arrangements to embrace the 1947/48 crop."

In July, 1948, the Commonwealth Minister for Commerce and Agriculture and State Ministers for Agriculture reached agreement on certain slight modifications to the Commonwealth Stabilization Plan desired by State Governments. The principal amendment to the plan agreed upon was that the Commonwealth should not control production and that State Governments should undertake the regulation of wheat growing on marginal areas. This modified plan was subsequently adopted by a majority of wheat growers in the four main wheat producing States in polls arranged by the respective State Governments, the results of the polls being as follows :

Results of Polls of Wheat Growers on the Question of Adoption of the Commonwealth Wheat Stabilization Plan as Modified in July, 1948

| State | For | Against | Percentage in favour |
|----------------------|--------|---------|----------------------|
| New South Wales .. | 8,951 | 6,360 | 58.5 |
| Victoria | 11,275 | 3,495 | 76.4 |
| South Australia .. | 5,729 | 4,090 | 58.3 |
| Western Australia .. | 3,957 | 2,426 | 61.9 |
| Total | 29,912 | 16,371 | 64.6 |

The Commonwealth, in 1948, passed legislation designed to implement the modified Wheat Stabilization Plan. Complementary State legislation necessary to make the plan effective was also passed by the States.

The principal provisions of the modified plan embodied in the Commonwealth Wheat Industry Stabilization Act, 1948 (which also provides for the repeal of the earlier Commonwealth legislation passed in 1946) are as follows :

- (1) The Commonwealth Government shall guarantee a price f.o.r. ports, bulk basis for wheat grown and delivered by wheat growers.

- (2) The guaranteed price shall vary according to an index of production costs for each season starting with the 1948/49 crop. (The price was originally fixed at 6s. 3d. (A) per bushel, and was increased to 6s. 8d. (A) from 1st December, 1948.)
- (3) The guarantee shall apply to the wheat crop marketed through approved organisations for the period up to the end of the 1952/53 season.
- (4) The Australian Wheat Board shall be the sole purchasing agency for wheat in Australia. The Board may appoint licensed receivers of wheat to act as its agents, and must grant such a licence to any State instrumentality set up to receive wheat and market it.
- (5) The Commonwealth shall ensure the guaranteed price in respect of the export from any one season's crop, provided that this guarantee shall not apply to the quantity of export in excess of 100 million bushels.
- (6) A Stabilization Fund shall be established by means of a tax on wheat exported to meet the guaranteed price above-mentioned.
- (7) The tax shall apply when the export price is higher than the guaranteed price, and shall be 50 per cent of the difference between the two but shall not exceed 2s. 2d. a bushel.
- (8) The tax shall apply to the 1947/48 and later wheat crops.
- (9) The Commonwealth agrees that it will not hold an excessive amount in the Fund, and it will consider a refund of tax to the oldest contributing pool whenever the financial prospects of the Fund justify it. (Refunds of amounts contributed in respect of the 1945/46 and 1946/47 harvest have already been approved.)

The provisions of the Commonwealth Wheat Stabilization Plan relating to the levy of a tax on wheat exported and the establishment of a Stabilization Fund, have been implemented by the Commonwealth Government under wartime legislation in respect of the 1945/46, 1946/47 and 1947/48 harvests. Contributions to the Stabilization Fund have amounted to about £A7 million and £A4 million from the 1945/46 and 1946/47 harvests, respectively, and were expected to reach approximately £A15 million from the 1947/48 harvest. The Commonwealth Government has introduced legislation providing for the refund to growers of the amounts contributed to the Fund from the 1945/46 and 1946/47 harvests, which are equivalent to approximately 1s. 1½d. per bushel, and 10½d. per bushel, respectively.

The new plan is understood to be working smoothly.

Other Grain

The following table shows the production of the principal grain crops other than wheat during recent years :

Million bushels

| Year | Barley | Oats | Maize |
|-------------------------------------|--------|------|-------|
| Average five years ended 1938/39 .. | 9.8 | 17.0 | 7.3 |
| 1944/45 | 5.0 | 9.0 | 6.5 |
| 1945/46 | 11.1 | 25.8 | 5.7 |
| 1946/47 | 11.6 | 15.6 | 5.8 |
| 1947/48 (a) .. | 20.8 | 40.7 | 6.2 |

(a) Subject to revision.

The 1947/48 crop of barley was a record in size, and its value is estimated at about £A14 million. The average value for the five years ended 1938/39 was £A1.5 million annually. The year 1947/48 was also a season of record production for oats. The crop was estimated to be worth £A13 million, compared with a pre-war average of £A2.2 million.

Barley is the only one of the above cereals in which there is any considerable export business (although in 1947/48 nearly 7 million bushels of oats were exported). There was, however, virtually no export of barley during the war, owing to the absence of freight. A strong demand for Australian barley has developed since the war from the United Kingdom, Western European countries and India. Total exports of barley for the last three years have been :

| Year | Million bushels | | |
|---------|-----------------|----|-----|
| 1945/46 | .. | .. | 0.7 |
| 1946/47 | .. | .. | 2.3 |
| 1947/48 | .. | .. | 8.1 |

Although prices have been high, ranging from 18s. to 23s. a bushel Australian currency, f.o.b. exports were valued at only £A6,458,000 in 1948/49 compared with £A8,134,000 in the previous year. For the 1948/49 season, possibly because of the high prices obtained for exports, growers in South Australia and Victoria (where 95 per cent of the barley crop is produced) substantially increased their acreages. It is, however, unlikely that either the size or the value of the 1948/49 crop was as great as in 1947/48.

Oats were also expected to produce lower yields this year. The South Australian crop was estimated at 3,100,000 bushels, compared with the record 1947/48 crop of 5,394,261 bushels. Exports of oats in 1948/49, however, were valued at £A6,455,000, compared with £A3,946,000 in the previous year.

Sugar

The following table, compiled by the Australian Sugar Producers Association Ltd., gives statistical information on raw sugar production in terms of 94 N.T. sugar over the past ten years :

| Year | Total tons | | |
|------|------------|----|-----------------------|
| 1938 | .. | .. | 821,905 |
| 1939 | .. | .. | 928,147 |
| 1940 | .. | .. | 805,984 |
| 1941 | .. | .. | 745,249 |
| 1942 | .. | .. | 649,559 |
| 1943 | .. | .. | 523,794 |
| 1944 | .. | .. | 669,898 |
| 1945 | .. | .. | 665,844 |
| 1946 | .. | .. | 552,158 |
| 1947 | .. | .. | 605,054 |
| 1948 | .. | .. | 944,000 (approximate) |
| 1949 | .. | .. | 958,000 (estimate) |

With the exception of a small quantity of sugar produced in northern New South Wales, production is confined to the State of Queensland.

It will be seen that the production of sugar declined steadily between 1939 and 1943 and remained at a low level until 1948. This was due largely to reduced manpower and adverse seasons during the war years. The 1948 season was, however, distinguished by an unusual uniformity of seasonal conditions throughout Queensland mill areas and by an unusually mild winter, which maintained crop growth much later than usual. The result was a record production for Australia,

estimated at 944,000 tons, and substantially exceeding the previous record output of 928,147 tons in 1939.

This greatly improved production has meant that Australia has been able to provide the United Kingdom with sugar exports on a scale comparable to pre-war. The exports of the 1948 crop will approximate to 443,000 tons (compared with the basic export quota of 400,000 tons allocated to Australia under the International Sugar Agreement of 1937. Export quotas under the Agreement lapsed in 1942, and have not been reinstated). The United Kingdom is buying the whole of Australia's exportable surplus of sugar under a contract which runs to the end of 1952, with prices subject to annual review. The bulk of the 1948 exports went to the United Kingdom and the balance to New Zealand and Canada. Australian sugar in 1948 represented about 10 per cent of total United Kingdom sugar imports. The base price fixed under the United Kingdom contract is £A29 12s. 6d. per ton for the two calendar years 1948 and 1949.

The home consumption price declared by the Sugar Board in respect of the 1947 season was £A24 per ton. The President of the Australian Sugar Producers Association points out in his annual report that in view of greatly increased costs of transport, labour and refining, the home production price is remarkably low and that :

"there is no doubt that the Australian consumer is reaping the advantage of the present export situation since it is the export situation alone which has enabled the sugar prices in Australia to be held so low that the price now being realised for home consumption raws is less than in any year from 1920 to 1939, despite the present level of costs."

Production in 1949 was expected to exceed even the record 1948 figures. The three principal hindrances with which the industry has had to contend since the war are said to be :

- (1) inadequate supply of labour for cane fields and mills ;
- (2) the not infrequent labour disputes which hold up the shipment of sugar ;
and
- (3) the need for more adequate supplies of fertiliser, particularly of sulphate of ammonia.

The shortage of cane cutters was greatly relieved in 1948. A number of displaced persons were allotted to the sugar industry by the Minister for Immigration to assist in the 1948 harvest, and some, at least, were expected to return for the 1949 harvest.

Dried Fruits

The following table compiled by the Commonwealth Dried Fruits Control Board, shows the volume of production of dried vine fruits (i.e., sultanas, currants and lexias) during the last ten years :

| Season | | | | Tons |
|------------------|----|----|--|---------|
| 1940 | .. | .. | | 95,572 |
| 1941 | .. | .. | | 79,733 |
| 1942 | .. | .. | | 92,562 |
| 1943 | .. | .. | | 90,878 |
| 1944 | .. | .. | | 104,261 |
| 1945 | .. | .. | | 68,032 |
| 1946 | .. | .. | | 72,393 |
| 1947 | .. | .. | | 56,358 |
| 1948 | .. | .. | | 80,604 |
| 1949 (estimated) | .. | .. | | 55,500 |

The bulk of the production of currants, sultanas and lexias comes from the Murray Valley areas of New South Wales, Victoria and South Australia. The 1948 season was a fair one, although according to the Commonwealth Dried Fruits Control Board production was adversely affected by the sale and delivery to wineries and distilleries of about 45,000 tons of fresh currant and sultana grapes suitable for drying, the equivalent of more than 10,000 tons of dried fruits. Early prospects for the 1949 season were good, but, unfortunately, humid weather and heavy rain during the harvest season reduced production to about 55,500 tons. Owing to the humid weather there was, as in 1948, a considerable diversion of fresh grapes to wineries and distilleries. Four of the last five seasons have now been adverse and the effect on the financial position of growers has been serious. The 1949/50 season has, however, opened in a promising manner.

The following is the allocation of the 1949 crop of dried vine fruits (the 1948 figures are given in brackets) :

| | | | | Tons |
|----------------|----|----|----|-----------------|
| Australia | .. | .. | .. | 23,975 (25,000) |
| Canada | .. | .. | .. | 14,075 (18,274) |
| New Zealand | .. | .. | .. | 4,450 (6,200) |
| United Kingdom | .. | .. | .. | 12,000 (29,326) |
| Other markets | .. | .. | .. | 1,000 (1,200) |

These allocations are made by the Dried Fruits Control Board in consultation with the industry and approved by the Minister for Commerce and Agriculture. Allocations to Canada are made under agreement between the United Kingdom and Australian Governments owing to the desire of both Governments to increase Australia's exports to dollar currency areas. Canadian dollar earnings from the 1948 season's dried fruits were about \$4 million. For the five seasons before the war, exports of dried fruits to Canada averaged nearly 15,200 tons annually.

Under the three-year contract between the Australian and United Kingdom Governments, which terminated at the end of 1948, 82,588 tons of dried fruits were shipped from the Commonwealth to the United Kingdom during the years 1946, 1947 and 1948. A further agreement has been reached between the Governments of the Commonwealth and the United Kingdom under which Australian currants, sultanas, and lexias will be purchased by the United Kingdom for the five years 1949/53, inclusive. During the years 1949 and 1950 the prices to be paid will be as follows, on an f.o.b. basis :

| | | | | Sterling per ton |
|----------|----|----|----|---------------------|
| Currants | .. | .. | .. | £48 |
| Sultanas | .. | .. | .. | £56 |
| Lexias | .. | .. | .. | £51 10s. |

These prices represent an increase on the old contract of £8 per ton for currants and £4 per ton for sultanas. The Commonwealth Dried Fruits Control Board states that no increase has been obtained in the price of lexias, as only very limited quantities of this fruit will be available for the United Kingdom during the next two years. Prices for the remaining three years of the agreement will be fixed each year. The maximum amount to be spent annually by the United Kingdom has been fixed at £2½ million sterling, which would purchase about 46,000 tons. The new contract has been welcomed by growers and by all connected with the industry as giving, apart from better prices, some future stability to the industry.

Allocations of the 1949 crop of currants, sultanas and lexias to the Australian market were about 24,000 tons compared with a pre-war average between 1935

and 1939 of 16,750 tons. Local purchases of dried fruits per head have increased about 30 per cent on the pre-war average. It is estimated that about 4,000 tons of the allocation to Australia will, in fact go to the United Kingdom in food parcels or in the fulfilment of the Ministry of Food contracts through the Australian Department of Commerce for block fruit cake and plum puddings.

The Board's 1948 report sounds a note of warning regarding the future expansion of the industry, as witness the following extract :

"At Robinvale, in Victoria, about 300 acres were planted with vines for the production of dried fruits last year, as part of the additional area of 6,000 acres decided upon by the Commonwealth and State Governments for the settlement of returned soldiers. It is estimated that when this 6,000 acres is in full production in five or six years' time, there will then have been planted a further 2,500 acres for the same purpose under ordinary private development. This additional acreage will increase production by about 14,000 tons. From the present area under vines, the average annual production, after allowing for the diversion to wineries, may be taken at 80,000 tons. At the end of the period referred to, should the demand by wineries for drying grapes have ceased, and the new areas are in production, the quantity of Australian dried vine fruits for disposal, each year in all markets, will be at least 104,000 tons. The future annual requirements of the existing markets are approximately as follows :

| | | | | '000 tons |
|-----------------|----|----|----|-----------|
| United Kingdom | .. | .. | .. | 40 |
| Australia | .. | .. | .. | 25 |
| Canada | .. | .. | .. | 19 |
| New Zealand | .. | .. | .. | 6 |
| Other countries | .. | .. | .. | 2 |
| | | | | — |
| Total | .. | .. | .. | 92 |
| | | | | — |

"This demand still leaves 12,000 tons, for which outlets will have to be found. With the heavy supplies which will be available in future years from the United States, Greece and Turkey, it will be a matter of great difficulty to sell at payable prices the export surplus of about 80,000 tons, which will be produced in the Commonwealth when the new areas, now decided on, are in full bearing."

As a result of the General Agreement on Tariffs and Trade made at Geneva in 1947, the tariff preferential margins on raisins (sultanas and lexias) imported into the United Kingdom, Canada and New Zealand from Australia have been reduced (by 2s. a cwt. in the case of the United Kingdom). The Board estimates that the reduction in the preferences will result in a loss to Australian growers of £A2 12s. per ton on the total production of sultanas and lexias. The Board considers that without preferences at the old rates it will be impossible for Australia with its high cost of production to meet the competition in the United Kingdom, Canada and New Zealand of the expanding surplus of dried vine fruits from the United States, Greece, Turkey and Spain. It urges that the existing duties in the United Kingdom, Canada and New Zealand on dried fruits from non-British countries be maintained.

Canned Fruits

The 1948 fruit processing season for canned apricots, peaches and pears was commenced under conditions which generally were more favourable than in recent seasons. Cannery entered the season with an absence of unsold stocks and a continuation of firm markets locally and overseas. Bountiful fruit crops were in sight, the labour problem was somewhat easier than in recent seasons, and extension of plant mechanisation generally set the stage for increased production. The ultimate out-turn was 2,952,125 cases, a pack which had only once been exceeded.

The pre-seasonal prospects for the 1949 season promised a very heavy pack, which was expected to total 3 million cases. Unfortunately, in Victoria where about 80 per cent of processing takes place, the peach crop was seriously damaged at picking time, with the result that the pack was almost 500,000 cases less than was expected. The following table shows the details of production of canned apricots, peaches and pears for ten seasons :

| Year | Canned Apricots | Canned Peaches | Canned Pears | Canned Composite Pack | Total All Packs |
|------------|-----------------|----------------|--------------|-----------------------|-----------------|
| 1938 | 380,082 | 1,790,742 | 860,104 | { not available | 3,030,928 |
| 1941 | 288,149 | 1,659,404 | 785,148 | | 2,732,701 |
| 1942 . . . | 181,893 | 1,348,073 | 595,076 | | 2,125,042 |
| 1943 | 215,610 | 1,139,829 | 708,603 | | 2,082,554 |
| 1944 | 327,946 | 1,342,548 | 602,200 | 18,512 | 2,307,914 |
| 1945 | 138,631 | 1,292,670 | 614,566 | 33,520 | 2,080,955 |
| 1946 . . . | 233,760 | 1,020,817 | 641,083 | 35,088 | 1,924,710 |
| 1947 . . . | 272,275 | 1,474,100 | 817,567 | 29,050 | 2,625,413 |
| 1948 . . . | 396,801 | 1,650,322 | 879,920 | 61,471 | 2,952,125 |
| 1949 .. . | 452,572 | 1,208,896 | 1,008,598 | 25,082 | 2,707,557 |
| | | | | 37,791 | |

The packs of canned apricots and of canned pears were both of a record quantity in 1949. Restrictions imposed on the usage of tinplate, which has continued as a controlled commodity because of inadequacy of supply to meet all requirements, precluded a resumption in packing of canned fruit salad or of canned fruit cocktail. A limited quantity of canned mixed fruits was again undertaken in 1949. The out-turn was some 12,000 cases more than in 1948, but was still well below the 1947 pack.

Since 1947, growers of canned fruits have received progressively higher price returns for their deliveries to canneries. The Fruit Industry Sugar Concession Committee, a statutory authority whose functions include the determination of minimum prices the processors are required to pay for their purchases of fruit, made upward adjustments in both 1948 and 1949. The following table shows the advances in the cost to canners in recent years :

| | Per long ton, at growers' sending station, or delivered local cannery | | | | | | | |
|--|---|----|------|----|------|----|------|----|
| | 1939 | | 1947 | | 1948 | | 1949 | |
| | £A | s. | £A | s. | £A | s. | £A | s. |
| Apricots | 12 | 0 | 17 | 0 | 19 | 0 | 20 | 0 |
| Clingstone peaches—Clear centres | 9 | 10 | 16 | 0 | 18 | 0 | 18 | 10 |
| Other | 8 | 10 | 15 | 0 | 17 | 0 | 17 | 10 |
| Freestone peaches | 7 | 0 | 12 | 10 | 14 | 10 | 15 | 0 |
| Pears—William Bon Cretien | 10 | 0 | 15 | 0 | 16 | 0 | 16 | 10 |

During the last two years, seasonal conditions for canned pineapples have also been generally good. The aggregate of the 1948 summer and winter packs was 425,330, an advance of 211,298 cases on that of 1947. The 1948 pack constituted a record. The 1949 summer pack of 244,149 cases was about 33,000 cases less than the 1948 summer pack. There was also a heavy out-turn of canned pineapple juice for which strong demands were forthcoming, principally from Canada.

In the disposal of stocks of canned apricots, peaches and pears, there has been close co-operation between producers and the Australian Canned Fruits Board. In the 1948/49 seasons the pack has been allotted as under :

| | | | | Cases | |
|---------------------|----|----|--|-----------|-----------|
| | | | | 1948 | 1949 |
| United Kingdom | .. | .. | | 1,570,072 | 1,219,000 |
| New Zealand | .. | .. | | 100,000 | 100,000 |
| Canada | .. | .. | | 77,800 | 83,500 |
| Services | .. | .. | | 20,132 | 37,000 |
| General Exports and | | | | | |
| Australia | .. | .. | | 1,184,146 | 1,268,000 |

In both 1948 and 1949 the United Kingdom Ministry of Food agreed to purchase up to 1,750,000 cases at the following prices c.i.f. main United Kingdom ports, less allowance of $\frac{1}{2}$ per cent :

| Sterling | | | | | | |
|--------------------|----------------|----|---------------|----|----------------|-----|
| Per dozen cans | | | | | | |
| | Standard Grade | | Seconds Grade | | Standard Grade | |
| | No. 2½'s | | No. 2½'s | | No. 1's | |
| | s. | d. | s. | d. | s. | d. |
| Canned apricots .. | 13 | 10 | 13 | 7 | 8 | 7 |
| Canned peaches .. | 13 | 7 | 13 | 4 | 8 | 5½ |
| Canned pears .. | 14 | 4½ | 14 | 1½ | 8 | 10½ |

In 1949 there has been a slight decline in allocations to the United Kingdom and an increase in allocations for general exports and local consumption. The decline in exports to the United Kingdom is due partially to the reduced peach pack and partially to the fact that United Kingdom prices were not in 1949 as attractive as those offered by certain other countries. The rise in local consumption is due to the quantity of fruit of export quality having dropped. The quantities of these fruits annually marketed in Australia since 1939 are as follows :

| Year | Cases |
|---------|-----------|
| 1939 .. | 1,261,877 |
| 1940 .. | 1,256,372 |
| 1941 .. | 1,460,247 |
| 1942 .. | 896,399 |
| 1943 .. | 316,040 |
| 1944 .. | 693,913 |
| 1945 .. | 624,046 |
| 1946 .. | 745,000 |
| 1947 .. | 962,871 |
| 1948 .. | 1,084,000 |
| 1949 .. | 1,118,000 |

Stocks available for internal distribution are, however, still short of normal requirements. The policy of the Australian Canned Fruits Board, which has the general endorsement of the industry, has been to concentrate on export marketing so far as circumstances will allow, after provision of reasonable supplies for the

Australian market. Exports of canned fruits in the 1949 season are valued at £A3,800,000 compared with £A2,781,000 in the previous season.

The major portion of the 1948/49 canned pineapple products has been sold to Canada, the value of sales being at least \$2 million in each year. A record volume of business has been transacted, which has served the dual purpose of re-establishing canned pineapple products on the valuable Canadian market and has also contributed a not inconsiderable amount of dollars to the Australian economy. Exports of canned pineapples during the twelve months ended December, 1948, totalled 387,429 cases, of which Canada took 301,000 cases. In the six months ended June, 1949, exports totalled 165,000 cases, of which Canada took 117,000 cases, compared with 144,090 and 93,126 cases for the corresponding period of 1948.

The Board reports that the present strong overseas demand for canned pineapples is caused by two main factors, viz. the restricted dollar expenditure by importing countries, and the slow recovery of the Malayan pineapple canning industry to its former predominating position on the world markets. The duration of these influences is problematical, but the removal of either or both undoubtedly will intensify competition, a prospect which the Board believes is generally realised by pineapple processing interests.

The Board regards with misgivings the results of the Trade Agreements formulated at Geneva in 1947. It points out that not less than 90 per cent of Australia's overseas trade in canned fruits under normal conditions was confined to the United Kingdom, Canada and New Zealand, and that these markets were held and developed through the incidence of the Empire preferential tariff system. All these countries have reduced the margin of preference accorded to Australian canned fruits over their foreign competitors. In the United Kingdom the margin has been reduced by 20 per cent in the case of canned apricots, peaches and pears, and 100 per cent in the case of canned fruit salad, which is now admitted duty free from foreign countries.

The complete elimination by the United Kingdom of the preference on "canned fruit salad" is regarded as a particularly severe loss by the industry. Production of "canned fruit cocktail" ranked second only to that of canned peaches in the United States of America. When normal trade conditions return, it is expected that its duty free entry into the United Kingdom will bear adversely on the disposal of Australian canned fruits generally in that most important market.

The Board concludes its report as follows :

"The ability of exporters to maintain overseas trade at present-day levels, under conditions in which the reduced preferential tariff margins are effectively operative, has yet to be tested. No evidence of optimism regarding their ability to do so is at present apparent, at least within the industry. Whether a substantially increased exportable surplus arising from the predicted orchard development can be satisfactorily marketed therefore is doubtful. Consequently the future outlook calls for caution rather than optimism. With the knowledge and experience of pre-war intensity of competition for world trade—when wider preferential tariff margins were available in our principal export markets—this Board shares with canners generally the view that any further contraction of tariff preferences would seriously jeopardise the stability, if not the existence, of what has proved to be a sound and progressive export industry. For these reasons, it is earnestly hoped that the concessions recently imposed on the industry will prove to be the last that have to be granted."

Fresh Fruit

The following table shows the production of apples and pears in Australia during the seasons 1939 and 1944/49 :

| Year | Apples bushels | Pears bushels |
|-------------|-------------------|------------------|
| 1939 | 11,125,540 | 2,299,841 |
| 1944 | 14,523,275 | 2,683,563 |
| 1945 | 10,468,093 | 2,921,600 |
| 1946 | 15,267,214 | 2,643,774 |
| 1947 | 10,292,986 | 3,607,217 |
| 1948 (a) .. | 13,246,747 | 3,177,876 |
| 1949 (b) .. | 7,990,000 | 2,412,000 |

(a) Subject to revision.

(b) Estimate.

Tasmania is the principal apple producing State of Australia, with 51.7 per cent of total production during the 1948 season and about 40 per cent in the 1949 season. It is followed by Victoria, Western Australia, New South Wales and South Australia. In recent years, as the above table shows, the apple crop in Australia as a whole has tended to be heavy and light in alternate years. Further, the tendency has been for Tasmania and Western Australia to have good and bad seasons alternately. Thus in 1949 Western Australia has had almost a record crop, while Tasmania has had an exceptionally poor crop owing to unfavourable weather. The total crop in 1949 is the lowest since 1931. Instability in the production of apples from year to year constitutes the chief difficulty in the planning for the marketing of the crop.

Victoria predominates in the production of pears, producing 58.4 per cent of the total in 1948 and about 60 per cent in 1949. The 1949 crop was a fair one, although it was less than any crop in the last five years.

Before the war, the stabilisation of the apple and pear industry was dependent upon the export trade. Little more than half of Australia's production was needed to meet the local demand. The interruption to exports due to the war imposed a severe strain on the industry, and to meet such conditions the Commonwealth Government introduced the National Security (Apple and Pear Acquisition) Regulations, to provide for the acquisition, with guaranteed payments by way of advances to growers, and orderly marketing of the crop. In 1940, the Australian Apple and Pear Marketing Board was constituted and became the authority for handling the marketing of apples and pears acquired.

From 1st July, 1949, this Wartime Board has gone out of existence except for winding-up its operations, including the marketing schemes in Tasmania and Western Australia in the 1948/49 season. In its place a new Australian Apple and Pear Board has been constituted in accordance with an amending Act passed in 1947. The Apple and Pear Board will be the statutory authority concerned with the regulation and supervision of exports of apples and pears from the Commonwealth. It will advise the Government on such matters as export standards, the development of overseas markets and problems affecting the well-being of the apple and pear industry.

Exports up to pre-war standards began to re-appear in the 1948 season. In that year the United Kingdom Ministry of Food bought almost the entire exported crop of apples (3,021,084 bushels out of a total export of 3,666,224 bushels) valued at £A2,219,275. This compares with 3,778,252 bushels exported to the United Kingdom in 1939, out of a total crop exported of 4,788,146 bushels. The Ministry of Food was prepared to take up to 3½ million bushels of apples in the 1949 season.

but owing to the disappointing crop only 1,087,039 bushels have been shipped to the United Kingdom. Up to the end of June, 1949, 1,595,622 bushels have been exported and the total exports for the year will be approximately 2 million bushels, valued at about £A1.7 million.

Similarly, in 1948, the British Government permitted the importation of pears under a system of licensing importers, and approximately 260,000 cases went forward in this manner out of a total crop of 359,964 cases, compared with 639,000 cases exported to the United Kingdom in 1939. Pears shipped to the United Kingdom in 1949 have amounted to 483,260 cases. Total exports for the year will be approximately 600,000 cases.

In 1947/48, the Australian production of citrus fruit reached the record level of 6,770,316 bushels, compared with 5,644,376 bushels in 1938/39 and 5,547,332 in 1946/47. The United Kingdom has taken no citrus fruit from Australia in recent years, and New Zealand is now by far the most important outlet for both oranges and lemons.

Wine

The following table shows the production of wine in liquid gallons over the past few years :

| Year | Total Gallons |
|------------|-----------------------------------|
| 1939/40 . | 14,775,369 |
| 1940/41 .. | 15,996,950 |
| 1941/42 . | 16,045,305 |
| 1942/43 .. | 19,864,053 |
| 1943/44 .. | 19,864,523 |
| 1944/45 .. | 14,418,720 |
| 1945/46 .. | 25,858,118 |
| 1946/47 .. | 31,797,800 |
| 1947/48 .. | 33,731,337 |
| 1948/49 .. | 34,200,000 (preliminary estimate) |

In 1947/48 an all-time record of Australian wine production was established. The average annual production for the years 1940/46 was approximately 18,117,000 gallons.

The Chairman of the Australian Wine Board reports that various factors were responsible for the great increase in 1947/48, viz. :

- (i) In the years 1940/46 low rainfall conditions generally prevailed and the shortage of vineyard manure, due to war conditions, had an adverse effect, particularly in old-established vineyards.
- (ii) In 1946/47 and 1947/48 satisfactory rains fell, and manure once more became available.
- (iii) In 1947/48 there was considerable diversion of drying grape varieties to wineries and distilleries. Much of this fruit was rain damaged and unsuitable for drying purposes, while shortage of labour, high wages, and, in 1948, the 40-hour week, all tended to discourage drying and to induce growers to dispose of sound fruit for wine-making purposes.
- (iv) During the war years a great shortage of wine supplies was experienced, due to the presence in Australia of many American troops, short supplies of beer and whisky and the unusually high spending power of the general public. This shortage still exists in some degree and cannot be relieved until the wine of 1947/48 is matured and available for consumption.

Although there seems to be no immediate danger, the wine trade is now showing some concern at the prospect of over-production. It is particularly concerned over the future prospects of export to the United Kingdom. The importance of these exports to the Australian wine trade economy will be seen from the following figures showing exports of Australian wine over the last ten years :

Gallons

| Year | Exports to the United Kingdom | Exports to all other countries | Total |
|------------|-------------------------------|--------------------------------|-----------|
| 1938/39 .. | 3,505,107 | 204,085 | 3,709,192 |
| 1939/40 . | 3,369,144 | 244,836 | 3,613,980 |
| 1940/41 | 670,364 | 987,267 | 1,657,631 |
| 1941/42 | 212,569 | 1,080,931 | 1,393,500 |
| 1942/43 | 80,538 | 736,477 | 817,015 |
| 1943/44 | 271,651 | 973,648 | 1,245,299 |
| 1944/45 | 700,514 | 850,540 | 1,551,054 |
| 1945/46 | 1,093,514 | 690,922 | 1,784,436 |
| 1946/47 | 2,041,804 | 678,795 | 2,720,599 |
| 1947/48 . | 2,157,016 | 531,201 | 2,688,217 |

In its annual report for 1947/48, the Federal Viticultural Council of Australia says :

"It is a matter of some concern that whereas in pre-war years Australia was one of the most important shippers of wines to the United Kingdom, our position has declined relatively.

"Comparative figures show that, whereas Britain's overall imports for the year ended 30th June, 1948, are 78 per cent of the imports for the calendar year, 1938, Australia's exports for 1948 are only 52 per cent of her exports for 1938. Portugal, a hard currency country, is the only major exporting country to find herself in a similar position. France and South Africa, particularly the latter, have improved their position at the expense, mainly, of Australia and Portugal.

"In view of the fact that the Australian wine industry is rapidly overtaking the domestic demand, this loss in our principal overseas market may cause serious embarrassment within the next few years, and the building up of the British market to the pre-war level is one of our most immediate and most pressing problems."

The principal reasons for the relative decline of Australian wines on the British market are said to be :

- (a) The payment of bounty on fortified wine exported was discontinued in 1947. This places Australia at a disadvantage in competition on the United Kingdom market with South Africa, whose proximity to the United Kingdom and cheap labour give them substantial advantages.
- (b) Competition from United Kingdom wines is severe.
- (c) The very large increases in United Kingdom import duties have raised Australian wines to a price which relatively few consumers are in a position to pay. Before the war, Empire table wines paid Customs Duty of 2s. per gallon and dessert wines, 4s. per gallon. To-day, these rates are 23s. and 40s. per gallon, respectively.

The Australian wine trade welcomed the increase of the margin of preferences on Empire dessert wines from 4s. to 10s. and the percentage of preferences on these wines from 10 per cent to 25 per cent, which was brought into effect in 1948 as a result of the Geneva Agreement. They were disappointed, however, that similar action was not taken in regard to table wines.

Domestic consumption of Australian wines remains high. Some indication of that consumption is given by the following figures, representing fortified wine

drawn from bond (fortified wines represent about 87 per cent of the total consumption of wine in Australia):

| | '000 Gallons |
|-------------------------|--------------|
| Pre-war (average) . . . | 3,400 |
| 1944/45 . . . | 8,700 |
| 1945/46 . . . | 6,400 |
| 1946/47 . . . | 6,388 |
| 1947/48 . . . | 10,400 |

The remarkable fluctuation in these figures is difficult to explain. It is regarded as extremely doubtful whether the home market can absorb as much as 10,400,000 gallons during twelve months.

The Federal Viticultural Council's report sums up the immediate future of the wine trade as follows:

"The unknown factor of real demand makes it extremely difficult to forecast the extent to which the industry can maintain its equilibrium in the immediate future. There is no doubt that opinions will differ, even within the industry itself, but nevertheless, members of the industry must consider the possibility in the light of recent record vintages that demand will be overtaken within a very short period, and that it may be exceeded. If this be the case the industry could be faced with a very serious problem within the next few years, namely the disposal of a considerable surplus. It has been these constantly recurring surpluses which have been at the root of all past crises, and it is only by accurately anticipating market trends and by vigorous and imaginative action that the industry can guarantee its future security."

Cotton

Queensland is the only Australian State producing cotton. The following table shows production over the last ten years (figures provided by the Cotton Marketing Board):

| Year | Area harvested | Seed cotton produced |
|---------------|----------------|----------------------|
| | Acres | '000 lbs. |
| 1938/39 . . . | 66,470 | 13,688 |
| 1939/40 . . . | 41,212 | 17,528 |
| 1940/41 . . . | 41,262 | 12,108 |
| 1941/42 . . . | 61,365 | 15,869 |
| 1942/43 . . . | 56,433 | 14,058 |
| 1943/44 . . . | 41,389 | 9,540 |
| 1944/45 . . . | 17,424 | 8,508 |
| 1945/46 . . . | 7,698 | 1,819 |
| 1946/47 . . . | 6,644 | 3,202 |
| 1947/48 . . . | 8,973 | 2,198 |
| 1948/49 . . . | 6,688 | 2,070 |

After 1938/39 the acreage under cotton declined but attempts were made to stimulate production during the war years, and for the 1941 and 1942 seasons production averaged about 15 million lbs. of seed cotton from nearly 60,000 acres. However, unfavourable seasons, labour shortages and, to some extent, the inexperience of farmers made it impossible to maintain the industry at this level. Production has declined sharply since the war, and in 1948/49 only a little over 2 million lbs. of seed cotton were produced.

The 1948/49 crop was very small for the following reasons:

- (i) the seed was planted late, and because of late spring rains some of the seed did not germinate;

- (ii) there were acute labour shortages ; and
- (iii) the price paid to the growers (6.1d. per lb. for seed cotton) was not regarded as remunerative.

Since 1924 the Commonwealth Government has assisted the industry, first by a bounty on the crop and on manufactured yarn, later by a bounty on the crop only ; and since 1943/44 by a guaranteed price.

The Cotton Marketing Board is hoping that labour shortages will be offset by greater mechanisation, which will increase acreage and production. Some time ago the Board imported from the U.S.A. a mechanical harvester. Although it did not arrive in time for the harvesting of the 1948 crop, it has given excellent results in trials, and the Board estimates that one harvester will do the work of 35 to 40 pickers.

In February, 1949, the Tariff Board was asked to undertake an enquiry into the general position of the cotton growing industry and the nature and extent of any further assistance which should be given it. The Board reported against additional financial assistance to the industry (other than cancellation of the balance of a debt owing to the Commonwealth Bank by the Cotton Marketing Board) and did not favour an increase in the guaranteed price. The guarantee is in fact meaningless at present because it is lower than the world market price.

Rice

New South Wales is the only State in Australia where rice is grown commercially, and cultivation is confined chiefly to the Leeton-Griffith area along the Murrumbidgee River. However, wartime demand led to plantings in the Benerambah Irrigation District and to the establishment of a State rice farm in the Wakool Irrigation District. Modern methods of farming are used and rotational cropping with wheat, oats and other cereals is practised to maintain high productivity.

The heavy land which is now growing rice had previously proved unsuitable for anything other than sparse pastures, but irrigation has converted the whole area into one which yields an average of almost 100 bushels of high-quality rice to the acre. Cultivation of rice on the Murrumbidgee Irrigation Areas has been strictly controlled for some years by a committee of representatives of the State Government and the growers, and the maximum area sown by each grower has been limited to approximately 80 acres.

The Commonwealth Statistician gives the following figures for Australian rice production :

| Season | Acres sown | Yield | Average yield |
|----------------|------------|--------------|------------------|
| | | '000 bushels | Bushels per acre |
| 1934/39* .. | 22,823 | 2,274 | 99.66 |
| 1943/44 .. | 40,690 | 4,015 | 98.67 |
| 1944/45 .. | 24,596 | 1,693 | 68.82 |
| 1945/46 .. | 28,372 | 2,735 | 96.40 |
| 1946/47 .. | 31,995 | 2,978 | 93.08 |
| 1947/48 .. | 26,208 | 2,676 | 102.11 |
| 1948/49 (a) .. | 33,000 | 2,600 | 78.79 |

*Five-year average to 30th June, 1939.
Actual figures are shown for other years.

(a) Preliminary estimate.

As a direct result of the fall of the Netherlands East Indies, which cut off an important source of supply of rice to Australia, Ceylon, and the Pacific Islands, Australian production was increased in 1943/44, when the area sown reached 40,700 acres. In the following year, however, largely due to adverse seasonal conditions, the area sown to rice declined to 24,600 acres, and since then recovery has not been very marked.

Since August, 1942, the civilian consumption of rice in Australia has, with certain exceptions, been prohibited, and practically the whole of the local production has been allocated to defence forces and to allied countries in which rice is a staple diet and where former rice fields are not yet back in cultivation. Under agreement with the United Nations Food and Agricultural Organisation, all but 8,000 tons of Australia's rice is at present earmarked for export, this unexported balance being reserved for Chinese nationals and other Asiatics living in Australia, for hospital patients, and to supply ships carrying Asiatics as members of their crews. Exports of rice were valued at £A1,044,000 in 1947/48, and £A1,247,000 in 1948/49.

Tobacco

From 1941/48 the Australian tobacco leaf crop was marketed through the Australian Tobacco Board constituted under National Security (Australian Tobacco Leaf) Regulations. The Board arranged for the appraisalment of all leaf and its sale to tobacco manufacturers at appraised prices. The National Security (Australian Tobacco Leaf) Regulations terminated on 31st December, 1948, from which date the Tobacco Board ceased to exist. Tobacco growers are again free to dispose of their leaf in the open market, subject to any State laws which may affect the manner of disposal.

The following table shows the production of tobacco in Australia since 1938/39:

| Year | | lbs. |
|---------|----|----------------------------------|
| 1938/39 | .. | 4,046,135 |
| 1939/40 | .. | 4,911,630 |
| 1940/41 | .. | 5,164,562 |
| 1941/42 | .. | 6,894,600 |
| 1942/43 | .. | 4,209,520 |
| 1943/44 | .. | 3,840,513 |
| 1944/45 | .. | 2,572,383 |
| 1945/46 | .. | 2,404,964 |
| 1946/47 | .. | 4,567,022 |
| 1947/48 | .. | 2,500,000 (Preliminary estimate) |
| 1948/49 | .. | 2,300,000 (" ") |

It will be seen from this table that production has shown a marked decline in recent years. The decline can be attributed to the following reasons:

- (i) unfavourable seasonal conditions;
- (ii) the attraction of alternative and more profitable crops;
- (iii) the wartime absence of foreign growers and the subsequent departure of Jugo-Slavs (in 1944, of a total of 533 growers, 276 were of non-British birth).

The decline in production has taken place despite greatly increased average price returns. The average price return to growers in 1939 was 21.37d. per lb.

and 35.45d. per lb. in 1947. The present price is expected to average 4s. per lb., which is said to be profitable to a competent grower.

At present the bulk of Australia's tobacco leaf requirements are imported from overseas and locally produced leaf represents less than one-fifth of the total consumption. Experts consider that there is an assured market for considerably increased quantities of local leaf of the types suitable for Australian requirements. This is particularly so for leaf to be used as "filler" in blends which are predominantly imported. The present duty of 5s. per lb. would make it profitable to use Australian leaf for these purposes even if imported leaf could be bought for almost nothing.

The growing of tobacco, however, requires a high degree of skill. Furthermore, capital costs are comparatively so high that it is very wasteful to have large fluctuations in production. A production plan has been suggested, accompanied by a price guarantee for at least five years.

Flax

The following table gives a summary of the development of the flax industry since 1940:

| Year | Acreage sown | Number of growers | Straw delivered | Fibre produced | Tow produced | Value of by-products | Number of mills | Number of employees |
|------|--------------|-------------------|-----------------|----------------|--------------|----------------------|-----------------|---------------------|
| 1940 | 20,692 | 1,560 | (tons) 16,982 | (tons) 777 | (tons) 2,110 | £707,551 | 14 | 700 |
| 1941 | 56,109 | 3,054 | 65,452 | 3,892 | 7,284 | | 37 | 1,691 |
| 1942 | 56,740 | 2,262 | 47,505 | 2,874 | 5,869 | | 38 | 2,224 |
| 1943 | 55,801 | 1,760 | 58,477 | 3,898 | 6,003 | | 31 | 1,727 |
| 1944 | 61,077 | 1,576 | 28,343 | 1,634 | * | | 30 | 1,691 |
| 1945 | 41,413 | 1,166 | 31,356 | 1,890 | * | | 21 | 1,279 |
| 1946 | 18,354 | 510 | 20,602 | 1,214 | * | | 18 | 950 |
| 1947 | 17,790 | 506 | 27,189 | 238 | * | | 15 | 764 |
| 1948 | 11,964 | 356 | 16,905 | 1,475 | * | | 14 | 667 |

*Complete figures not available.

In the years immediately preceding the war the flax industry had made a small beginning under private enterprise, particularly in Victoria, and in 1939 about 2,000 acres were sown. The industry was, however, transformed by the war. In 1940 the United Kingdom Government asked the Australian Government to sow 12,000 acres of flax with seed for the United Kingdom, and in 1941 they asked for 50,000 acres. The Commonwealth Government thereupon took over the entire industry and operated it under an agreement with the United Kingdom Government until 31st October, 1946. The Australian Government did not itself grow the flax; it offered farmers a contract under which the Government would buy their straw on delivery at the flax mills at certain determined prices, which were subject to dockages or bonuses according to quality. To administer the industry the Government set up a Flax Production Committee. During the war flax fibre was produced regardless of cost and in some districts which were not suitable for production. Of the 13,717 tons of line fibre produced by this enterprise up to 31st October, 1946, when the agreement with the United

Kingdom was terminated, 8,133 tons valued at £A2,011,960 were despatched to the United Kingdom. The total value of fibre produced in Australia during the period was over £A3 million.

Since 31st October, 1946, the Australian Government has been the sole owner and sponsor of the flax processing industry. Mills in unsuitable districts have been closed, and there are now only 14 mills operating, including some which will be closed as soon as existing stocks of straw have been processed. The 14 mills are situated in Victoria (9), South Australia (4), and Western Australia (1).

Flax production has naturally declined since the war. It is expected that no more than 12,000 acres will be sown in 1949. All country not entirely suitable for flax has now been eliminated; labour is scarce and costly; and there is competition from other products such as wool, wheat, etc., which are highly priced at present. The Chairman of the Flax Production Committee has stated that the industry is, nevertheless, now producing the whole of Australia's requirements of flax fibre and that there is a skilled staff of efficient people employed in the Government's mills. While pointing out that there is still a good deal to be done to place the industry in a highly efficient condition, he considers that the prospects for ultimate success are good.

The Commonwealth Government does not propose to continue operating the industry. It is to be offered to State Governments; should they not be prepared to take it over, it will be handed back to private enterprise.

Fisheries

According to the Director of Fisheries, Australian fish production for 1947/48 was about 86,500,000 lbs., 39 per cent of which came from New South Wales. In 1946/47 the Australian catch totalled 74,801,776 lbs., 46 per cent from New South Wales. These figures compare with an average fish production in the "nineteen-thirties" of 65,000,000 lbs. a year. There are signs, according to the Director of Fisheries, that the combined efforts of steam trawlers and Danish seiners on the trawling grounds off the New South Wales and Victorian coasts are resulting in over-fishing and may have to be restricted.

In 1946/47 Australia imported 14,513,830 lbs. of fish—about one-fifth as much as she produced. More than half was canned fish and about 60 per cent of this was herring. The 1946/47 catch and imports together were equal to about 12 lbs. per head of population. The catch cannot be greatly increased until the pelagic fisheries for such species as scad, salmon, pilchards and tuna are developed. The chief fish caught now are mullet, barracouta and salmon. Barracouta and salmon are in keen demand by Australia's fish canning industry, which expanded greatly during the war.

A feature of Australian fisheries in 1948/49 was the big development of the export trade with the United States in frozen crayfish tails from Tasmania, Western and South Australia. Between 1st July, 1948, and 6th June, 1949, 1,731,315 lbs. of crayfish tails were exported, and it is estimated that this trade has earned in the year over one million dollars for Australia.

The research work of the Division of Fisheries of the Commonwealth Scientific and Industrial Research Organisation has been considerably expanded since the war. It now includes:

- (1) Oceanography, which includes hydrology and planktology, done from a series of stations around the coast of Australia and from the Division's research vessels.
- (2) An exploratory programme to determine the extent and commercial possibilities of pelagic fish and new areas for trawling.
- (3) Fisheries Biology which deals with growth rates, age determinations, spawning habits, migrations and life histories of most of the commercial fish.
- (4) Seaweed Research. During the war when agar supplies were inadequate in Australia, the Division instituted an agar industry, finding that *Gracilaria confervoides* gave a suitable agar. Research on the agar properties of other seaweeds is being continued. It is also hoped that a survey may be made of seaweeds in Australian waters suitable for an alginate industry.
- (5) Anti-fouling.

Pearl Fishing

Pearl fishing is carried on around the northern and north-western coast of Australia, Broome, Darwin and Thursday Island being the chief centres. Production in seasons before the war was always over 2,000 tons, being 2,543 tons in 1938/39 and 2,149 in 1939/40. Many of the pearl divers were Japanese, and the entry of Japan into the war brought pearling to a complete standstill. Production was recommenced after the war but, owing to shortage of experienced labour, has not yet returned to pre-war levels. (Japanese divers have not yet been re-admitted.) In the 1947 season, 804 tons were obtained at a value of £A488,990 and in 1948, 1,176 tons valued at £A511,850.

The 1948 season showed an increase of 46 per cent in production and 4.7 per cent in value on 1947. The increase in production was due principally to the expansion of fleets in Thursday Island and the recommencement of pearling operations out of Darwin.

Shell prices in 1948 were considerably below 1947 prices. The highest price paid in 1948 was £A600 per ton, f.o.b. Broome, and the lowest £A400 per ton for Thursday Island shell. Prices have further declined in 1949. An article published in the *Melbourne Age* on 22nd August, 1949, alleged that maximum prices had declined to £A325 per ton, and that the industry was "facing a disastrous economic collapse."

Mineral Production

General

The following statement compiled by the Commonwealth Bureau of Mineral Resources from data supplied by the States Mines Departments gives the estimated value of the production of all minerals in Australia in the years named :

| | | | £A |
|------|----|----|------------|
| 1939 | .. | .. | 37,103,681 |
| 1946 | .. | .. | 40,295,152 |
| 1947 | .. | .. | 51,905,825 |
| 1948 | .. | .. | 61,016,643 |

The quantity and value of the principal classes of minerals were as follows :*

| | 1946 | | 1947 | | 1948 | |
|---------------|------------|------------|------------|------------|------------|------------|
| | Tons | £A | Tons | £A | Tons | £A |
| Coal—black .. | 13,881,691 | 13,540,099 | 14,831,217 | 15,701,451 | 14,781,031 | 17,498,072 |
| brown .. | 5,707,039 | 706,504 | 6,140,173 | 937,462 | 6,692,413 | 1,187,837 |
| Copper .. | 18,871 | 1,715,403 | 13,123 | 1,633,942 | 12,397 | 1,854,219 |
| Iron ore .. | 1,818,216 | 2,090,948 | 2,145,529 | 2,467,396 | 2,042,005 | 2,366,355 |
| Lead .. | 163,490 | 7,940,681 | 202,919 | 13,217,453 | 208,426 | 19,931,953 |
| Tin | | | | | | |
| Concentrates | 2,992 | 739,393 | 3,481 | 1,053,325 | 2,657 | 1,024,937 |
| Zinc .. | 158,761 | 2,698,379 | 176,297 | 3,934,641 | 177,482 | 4,708,278 |
| Ozs. | | | Ozs. | | Ozs. | |
| Silver .. | 8,142,536 | 470,499 | 9,650,771 | 695,997 | 9,448,861 | 707,266 |
| Gold .. | 826,123 | 8,873,461 | 935,520 | 10,067,537 | 888,560 | 9,563,078 |

During 1948, the expansion of mining activity in Australia was restricted by shortages of labour, capital equipment, supplies of all kinds and transport. Apart from the coal industry, in which strikes were responsible for a very considerable curtailment of output, industrial relations between the unions and employers were good and output was probably the maximum possible in the circumstances. Costs were high, but so also in general were the prices of mineral products and except in the gold industry profit margins were perhaps as great as they have ever been. The gold industry which represents the largest section of the mining industry, apart from coal, experienced greatly reduced profit margins, consequent upon the fixed price of the metal. Nevertheless, exploration and development in gold mining has been active throughout Australia, and one effect of the new exchange rate between the Australian pound and the dollar introduced in September, 1949, will undoubtedly be a revival of this industry.

Although, apart from gold, mineral values have increased, the output of metals and minerals has not expanded greatly since the war, and particularly in the case of such important metals as copper, zinc and iron and steel, the output remains below the capacity of the various plants. This is due in some part to actual exhaustion or falling away of reserves. It remains to be seen whether the vigorous exploration campaigns now being undertaken by government and private enterprise, will bring to light new deposits to compensate for diminished supplies.

Mining is being assisted financially by both the Commonwealth and State Governments. State assistance consists mainly of grants to aid development. The coal industry in New South Wales is assisted by the activities of the Joint Coal Board, set up jointly by the Commonwealth and State Governments. "Marginal" gold mines, situated in areas where the population is entirely dependent on the industry, are receiving a subsidy from the Commonwealth Government. In order to encourage prospecting for uranium, the Commonwealth Government has notified that rewards will be paid for discovery of this mineral.

Mainly because of shortage of domestic supplies, certain minerals and metals are subject to export control under various statutory rules under the Customs Act. The controlled minerals are :

Iron ore,
Tin ore (concentrates and metals),

*The statistics in this table agree substantially with figures given in subsequent sections, though there may be minor discrepancies in certain instances, due probably to difference in basis of compilation.

Lead,
 Lead scrap,
 Manufactured lead,
 Non-ferrous scrap,
 Beryllium ores (concentrates and metals),
 Mica
 Crude or partly refined mineral sands (containing cassiterite, ilmenite, monazite, rutile, or zircon),
 Tantalite ore and concentrates,
 Tantalic oxide and other tantalum compounds and tantalum metal and tantalum alloys in the form of powders, plates, bars or strips,
 Cyanite,
 Manganese ores,
 Antimony concentrates and ingots,
 Iron and steel,
 Zinc, dross and zinc dust,
 Copper and copper alloys.

Developments in the various branches of mineral production in the period under review, are dealt with in the following paragraphs :

Coal

The production of black coal in Australia is very largely centred in New South Wales, whilst brown coal is mined, mostly in open-cuts, in Victoria. Total production of coal in the Commonwealth for the pre-war year ended 30th June, 1939, and recent years was as follows :

| | | | '000 tons | |
|---------|----|----|------------|------------|
| | | | Black Coal | Brown Coal |
| 1938/39 | .. | .. | 12,198 | 3,643 |
| 1945/46 | .. | .. | 12,625 | 5,449 |
| 1946/47 | .. | .. | 14,177 | 5,881 |
| 1947/48 | .. | .. | 14,734 | 6,416 |
| 1948/49 | .. | .. | 15,041 | 7,021 |

Of the aggregate production of 14,734,000 tons of black coal in 1947/48, the output in New South Wales was 11,780,000 tons or 80 per cent of the total. Underground mines in New South Wales contributed about 90 per cent of the output of the State, the small remainder being open-cut. In consequence of the greatly increased demand for coal there has been some recent expansion of open-cut mining ; but post-war production underground, although considerably greater than the pre-war average since 1927, has not much exceeded that of the pre-depression days. This is doubtless largely due to the fact that there are now some 6,000 less employed in the industry than there were then.

Victoria, having very limited deposits of black coal, has to draw extensively upon supplies from New South Wales, and is now intent upon developing further her vast resources of brown coal. The deposits in the Latrobe Valley are estimated to contain some 27,000 million tons, open-cut methods being practised at Yallourn. Brown coal briquettes, which are extensively manufactured in Victoria, will, if tests as to suitability prove completely satisfactory, probably be used for the making of gas.

In Queensland (which State at present produces about one-sixth of New South Wales figures) one of the largest known deposits of black coal in the southern hemisphere exists at Blair Athol. These deposits are capable of being worked by open-cut methods and plans for their development are being considered.

As indicated elsewhere in this report the tremendous industrial expansion of Australia has meant that supplies of coal are chronically short of full requirements. In an effort to remedy the situation the Joint Coal Board, established in 1946 under the Commonwealth and New South Wales Coal Industry Acts, has been vested with powers, *inter alia*, "to ensure that coal is produced in New South Wales in such quantities and with such regularity as will meet requirements throughout Australia and in trade with other countries". The main tasks of the Board have hitherto been directed towards the stabilization of the industrial situation on the coalfields in order to cut down industrial stoppages as much as possible; to develop open-cut production (although possibilities in that direction in New South Wales are limited); and to the fundamental re-organization of the layout and equipment of the underground mines in New South Wales. The Board have placed orders (in Australia, the United Kingdom and U.S.A.) for mining machinery for delivery over 1949/51, in order to create a machinery pool, and, as a first practical step in their mechanization programme, have made it obligatory upon all collieries to introduce power-boring machinery to the extent necessary to replace manually operated machines.

As may be expected, the present unsatisfied domestic demand for coal leaves no room for the development by Australia of any serious export trade in coal. In 1938/39, for instance, some 382,085 tons of coal, valued at £A347,054 were exported from the Commonwealth but the corresponding value in 1947/48 was only £A109 (tonnage unstated). In 1924, when, by to-day's standards, secondary industry in Australia was in its infancy, some 1.3 million tons were exported out of total production of 13.7 million tons.

Although the Australian coal price structure is uneven and complex, Australian coal is cheap in comparison with that of other countries, if bunker prices are taken as representative. For example, the average f.o.b. Newcastle (N.S.W.) overseas bunker price per ton at 30th June, 1948, varied between 31s. 9d. and 36s. 6d. (Australian currency), whereas bunker prices anywhere overseas were at least double that figure.

Whilst the present picture in regard to coal production in Australia is unsatisfactory and seems likely to remain so for the moment, the maturing of plans such as considerably increased mechanisation, the development of open-cut projects in New South Wales and Queensland, and the increased output of brown coal in Victoria, should in time show greatly improved results.

Gold

Of the total yield of gold in Australia to-day (see table on page 53) about 12 per cent is derived from the treatment of base metal ores, mainly copper and lead-zinc-silver. The principal gold producing State—Western Australia—produced 665,986 fine ozs. in 1948, compared with 703,886 fine ozs. in 1947. Victoria's output at 68,580 fine ozs. in 1948 compares with 84,709 fine ozs. in 1947. Over 60 per cent of Western Australia's output is from 12 mines, mainly near Kalgoorlie.

All the gold produced either by the base metal refineries or through the mints is purchased by the Commonwealth Bank. Up to 19th September, 1949, the official rate was £A10 15s. 3d. an oz. The new exchange rate, however, increased the price to £A15 9s. 10d. an oz.

Since the end of the war, the gold mining industry has experienced the difficulties common to all mining. Shortages in capital equipment and stores persisted and costs continued to rise. Labour scarcity and the introduction of the 40-hour week ($37\frac{1}{2}$ hours underground) affected production, and with increases in margins under Arbitration Court awards, added still further to mining costs.

Apart, however, from these general difficulties, the fixed price of gold at £A10 15s. 3d. an oz. dominated the outlook for gold producers throughout 1948 and up to 19th September, 1949. Gold mining in this period was, in the words of the report of the Director of the Australian Mines and Metals Association—"in the doldrums". The industry was unable to adjust the selling price of its product to the steadily increasing cost of production. "Devaluation" has, however, altered the picture profoundly and given a much needed stimulus to the industry. More attention is now likely to be given to working seams previously regarded as unpayable, and many small companies no doubt will resume operations. It has been reported from Western Australia that while in the year preceding "devaluation" the average grade of ore treated there was 5.41 dwt., it will now be profitable to mine ore of only 4 dwt. content, and consequently millions of tons of low-grade ore have again come within the payable zone.

The maintenance of communities in certain parts of Australia, particularly in Western Australia, is dependent on the gold industry. Recognising this, the Commonwealth Treasury, in 1948, decided to grant financial aid to those marginal mines in Western Australia, which, in the opinion of the Treasurer, needed assistance to maintain both employment and production. This aid took the shape of subsidies to cover legitimate costs and to give the companies a margin of 4 per cent on paid up share capital. In August, 1949, the Commonwealth Government decided to increase the margin to 6 per cent, and to extend the concession to all gold mines in remote areas where the population depends on the continuance of gold-mining. It may be of interest to quote here an extract from a statement made by the Prime Minister in November, 1948, in response to the application for financial assistance received by the Government from the Western Australian gold mining industry:

"In every gold producing country, there is the common problem of costs rising more or less rapidly against a fixed world price for gold based on the United States buying rate of \$35 per oz. This rate has remained unchanged since 1934. It has to be acknowledged that the United States Government has a predominant influence on the international value of gold, both through its voting power in the International Monetary Fund and in its own right as the world's chief buyer of this metal. Under the International Monetary Fund Agreement par values of the currencies of some 45 countries are expressed in terms of gold as a common denominator, or the United States dollar of the weight and fineness in effect on 1st July, 1944. As a member of the International Monetary Fund, Australia has therefore responsibility to see that its policy does not undermine or threaten to undermine the standard upon which the relative values of member countries' currencies are based. For this reason, there is an obligation to ensure that the price paid for gold in this country is maintained in harmony with world parity.

"I have frequently had my attention drawn to the fact that the gold is sold at high premiums in certain open markets. My answer is that these are for all practical purposes black market transactions and these prices would subside quickly enough if the main producing countries (which are at present directing their output to the United States) began selling in these open markets—it would merely be a matter of supply and demand. There is the further point that sales on these open markets would not provide the Sterling Area countries with currencies that are much needed to purchase goods and services in "hard currency" countries, such as the United States and Canada. It is apparent that high premiums are paid in markets where

the currencies acquired are usually inconvertible, and this applies particularly in countries where confidence in the future of the national currency is lacking, or where political conditions are disturbed. I might go further and say that an Australian seller of gold on these so-called open markets would be in a worse plight if he merely acquired more or less useless currencies that we would not purchase because we do not want them.

"Admittedly, the question of price is fundamental to the maintenance of the industry but it would be wrong to believe that declining returns are the industry's only difficulties. Besides the shortage of skilled manpower, labour turnover as between mines on the Kalgoorlie field is reported to be as high as 100 per cent per annum and in other places, even higher. The Commonwealth has given some assistance in helping to solve the industry's labour problems and is also facilitating the procurement of machinery from overseas."

As has been said above, devaluation has, by increasing the price of gold, removed the principal difficulty facing the industry. Before the war, gold ranked with wheat and wool as one of the chief exports of Australia. In the post-war economy it has lost this position, but devaluation may help the industry to recover it. The output of gold in 1948 was less than one quarter of the amount recovered in the peak year of 1903 when the total was 3,838,000 fine ozs.

Copper

The following table, compiled by the Bureau of Mineral Resources, gives the main features of the copper industry in the years indicated :

(Tons)

| Year | Copper content of mine ore | Refined copper production | Imports | Exports | Apparent consumption | Probable actual consumption |
|------|----------------------------|---------------------------|---------|---------|----------------------|-----------------------------|
| 1945 | 24,520 | 20,498 | 5 | — | 20,503 | 31,400 |
| 1946 | 17,755 | 22,659 | 155 | 6,840 | 15,974 | 27,000 |
| 1947 | 13,123 | 19,505 | 1,311 | 408 | 20,208 | 31,000 |
| 1948 | 12,686 | 11,389 | 9,264 | — | 20,653 | 31,500 |

It will be noticed that Australian copper production has shown a progressive decline in recent years. Indeed the 1948 production was the lowest since 1935.

In the above table, apparent consumption has been calculated from production plus imports less exports. Since 1944, however, the Commonwealth Government have released 31,684 tons of copper stocks accumulated during the war. In addition, at a rough estimate, an average of 3,000 tons of copper in brass and other non-ferrous alloys has been sold by the Disposals Commission. Had this not been available, further imports of copper would have had to be made. The probable actual consumption in the table represents the consumption on the basis of average release of stocks for the 4 years, but it is likely that in 1945, actual consumption was less than is shown, and that the 1948 figure was close to 35,000 tons.

The principal producing mine is Mount Lyell, Tasmania, and the only other important producers are Mount Morgan, Queensland, and Cobar, New South Wales. In addition, there is a number of small copper mines, particularly in Queensland. Mount Isa Mines Ltd., Queensland, curtailed production from the copper section of the mine in 1946, but will resume when the new mill and

smelter are erected. The capacity of this plant will be 18,000 tons of copper annually and although this tonnage is unlikely to be attained for some years, Mount Isa will eventually be the largest producer in Australia. There are two copper smelters at Mount Lyell and Port Kembla, the metal being refined electrolytically at each works. Mount Isa copper will be smelted at Mount Isa and refined at Port Kembla. It is expected that when Mount Isa is in production, the total copper production of Australia will be about 28,000 to 30,000 tons annually.

The price of copper in Australia was raised from £A130 a ton ex Works Port Kembla to £A140 on 1st March, 1948, to £A160 on 1st January, 1949, and to £A170 on 28th March, 1949. In the first months of 1949, however, the fixed price of copper in London fell sharply, reaching £stg. 107 10s. in July. One of the effects of the devaluation of sterling was, however, partially to restore the price of copper to £stg. 140. Before devaluation there had been some uncertainty in Australia whether the local price of £A170 could be maintained.

Tin

The following table, compiled by the Commonwealth Bureau of Mineral Resources gives statistics of the output, etc., of the Australian tin industry during the last three years :

(Tons)

| | 1946 | 1947 | 1948 |
|--|-------|-------|-------|
| Tin content of concentrates produced | 2,099 | 2,451 | 1,854 |
| Refined tin produced.. .. . | 2,225 | 2,377 | 1,884 |
| Tin consumption | 2,093 | 2,551 | 2,334 |
| Imports | — | — | 450 |

The principal producer is the Tableland Tin Dredging Company on the Atherton Tableland, Queensland, followed by Aberfoyle Tin Dredging Company in Tasmania. These mines produced more than 50 per cent of the current output. The remainder comes from a large number of small producers. There are two smelters, both in Sydney, their combined capacity being about 6,000 tons annually.

During the last two years, a change has taken place in the Australian tin industry. Until 1941 Australia was an exporter of tin, and until 1946 domestic demand could be met from local production. With an increasing demand and a falling output, Australia has now become an importer of tin, and is likely to remain an importer in the near future. Current domestic demand is said to be about 2,800 tons. By 1953, when the new tinplate works at Port Kembla are expected to be in operation, the Australian demand will be of the order of 5,500 tons annually.

The controlled price of tin in Australia was increased from £A376 per ton in 1946 to £A620 per ton in 1948 and 1949. The United Kingdom Ministry of Supply's prices were £A637 10s. on 1st January, 1948, and £A711 5s. on 1st January, 1949. It is worth noting that under the existing Price Control Scheme producers of tin concentrates in Australia receive only 111s. per unit. This price is probably the lowest in any country. Since devaluation there has been some agitation for an increase in the domestic price of tin.

Silver

The following table compiled by the Commonwealth Bureau of Mineral Resources gives the silver content of all ores produced in the last three years :

(Ozs.)

| | 1946 | 1947 | 1948 |
|--------------------------------------|-----------|-----------|------------|
| Silver content of ore and bullion .. | 9,045,280 | 9,527,140 | 10,057,519 |
| Held for treatment in Australia .. | 7,557,347 | 6,327,697 | 6,837,709 |
| Allowed for export | 1,487,933 | 3,199,443 | 3,179,810 |

The total amount of refined silver recovered by smelters and from the treatment of gold bullion, with data of local sales to Australian consumers and of exports, is shown in the table below :

(Ozs.)

| | 1946 | 1947 | 1948 |
|----------------------------------|-----------|-----------|-----------|
| Refined silver produced | 6,364,324 | 6,899,755 | 6,413,442 |
| Sales to Australian consumers .. | 6,406,942 | 3,560,802 | 1,374,882 |
| Exports | 228,149 | 2,896,826 | 5,385,887 |

Almost the entire output of silver in Australia is associated with lead-zinc production.

Lead

The following table, compiled by the Commonwealth Bureau of Mineral Resources, shows the production of lead in concentrates, refined lead produced at Port Pirie and lead bullion produced at Mount Isa in the last three years :

(Tons)

| Year | Lead content of ore | Refined lead produced Port Pirie | Lead bullion produced Mount Isa |
|---------|---------------------|----------------------------------|---------------------------------|
| 1946 .. | 163,490 | 137,459 | 12,288 |
| 1947 .. | 202,919 | 158,548 | 29,437 |
| 1948 .. | 208,439 | 159,497 | 30,165 |

Consumption of pig lead in Australia in recent years is estimated to have been in 1946 37,015 tons, in 1947 30,248 tons and in 1948 34,760 tons.

Exports have been as follows :

(Tons)

| Year | Lead concentrates | Lead bullion | Pig lead |
|---------|-------------------|--------------|----------|
| 1946 .. | 23,371 | 9,095 | 93,136 |
| 1947 .. | 15,605 | 30,399 | 141,372 |
| 1948 .. | 18,109 | 27,968 | 116,744 |

The main production of lead ore in Australia is at Broken Hill, New South Wales. Shipment of lead concentrates have been divided almost equally between U.S.A. and Belgium. Lead bullion is shipped almost entirely to the United Kingdom. Pig lead has been exported mainly to the United Kingdom and the U.S.A. The price of lead in Australia remained fixed at £A22 per ton from 1942 until 1st January, 1949, when it was increased to £A35 per ton. The disparity between the fixed price of lead and the open market prices available to producers for their exportable output has greatly increased since price control in Australia was first adopted. The United Kingdom price for lead fixed by the Ministry of Supply was £A153 15s. on 1st January, 1949. Oversea prices of lead slumped in the course of 1949, but have recovered slightly since devaluation.

Zinc

The following table, compiled by the Commonwealth Bureau of Mineral Resources, gives the principal statistics relating to zinc for the years named :

(Tons)

| | 1946 | 1947 | 1948 |
|---------------------------------------|---------|---------|---------|
| Production of zinc in concentrates .. | 158,761 | 176,297 | 177,479 |
| Production of refined zinc | 76,316 | 69,421 | 81,312 |
| Local sales of slab zinc | 35,984 | 47,442 | 42,108 |
| Smelter stocks | 531 | 3,685 | 5,879 |
| Zinc concentrates exported | 134,777 | 199,977 | 149,652 |
| Zinc slabs exported | 49,821 | 28,308 | 33,715 |

About two-thirds of the production of zinc concentrates is from Broken Hill, and a little over 20,000 tons of contained zinc in concentrates are from Mount Isa, and Read-Rosebery, Tasmania. Data for exports of concentrates shown in the above table are of actual concentrate tonnages and not of contained zinc. Exports of zinc concentrates are mainly to the United Kingdom. There is also some export to Belgium. Slab zinc is exported almost entirely to the U.S.A.

The mine production of zinc varies in general with the production of lead. Transport shortages both at Broken Hill and Mount Isa have led to considerable stocks of zinc concentrates accumulating at the mines and exports of concentrates fell sharply in 1948. There was, however, a slight increase in exports of slab zinc from the works at Risdon. The domestic price of zinc remained fixed at £A22 per ton from 1942 to the end of 1948. As with lead, the disparity between the domestic price of zinc and the overseas price has brought about a considerable difference in earnings between those companies shipping the bulk of their concentrates overseas and those supplying the Risdon works with concentrates for local consumption. Dissatisfaction with this led to discussions with the governments concerned at the end of 1948 and to an increase in the local price to £A40 per ton on 1st January, 1949. The United Kingdom price fixed by the Ministry of Supply was £A132 10s. on that date. Oversea prices of zinc, like those of lead, dropped considerably during 1949, but have recovered as a result of devaluation.

Iron and Steel

The production of iron ore was 1,818,216 tons in 1946, 2,145,529 tons in 1947 and 2,042,005 tons in 1948. The output was entirely from Iron Knob in South Australia, except for 7,222 tons from Western Australia in 1948.

The production of iron and steel has been as follows :

| | | | (Tons) | |
|------|----|----|-----------|--------------|
| | | | Pig Iron | Steel Ingots |
| 1946 | .. | .. | 984,436 | 1,190,311 |
| 1947 | .. | .. | 1,171,243 | 1,257,647 |
| 1948 | .. | .. | 1,152,514 | 1,209,019 |

Steel production is from Newcastle and Port Kembla. Foundry pig iron is produced at Whyalla, South Australia, as well as at the two works in New South Wales. In Western Australia, the State charcoal iron works at Windowie began smelting operations during 1948. Production is expected to be more than sufficient to cover the needs of local foundries and the surplus will be shipped to eastern States. The by-products recovery section of the charcoal plant is not yet in operation.

The year 1948 marked the centenary of the inauguration of iron smelting in Australia. The first iron blast furnace was established by the Fitzroy Iron Works in 1848, close to Mittagong, New South Wales. During 1948, the production of iron and steel in Australia was substantially below capacity, owing to severely restricted coal receipts and the scarcity of manpower. Australia was the only important producer of iron and steel in the world with a lower production than in 1947. Production of iron and steel in 1949 will be still lower owing to the prolonged coal strike in June-August.

Oil

The only production of crude petroleum as such in Australia is at Lakes Entrance, Victoria. Motor spirit is produced at Glen Davis, New South Wales, from oil shale and at the works of the iron and steel producers as a by-product of coke. This total production is a very small item in the total consumption of mineral oils in the Commonwealth :

| ('000 gallons) | | | |
|----------------------------|-------|-------|-------|
| | 1946 | 1947 | 1948 |
| Crude petroleum .. | — | — | 30 |
| Motor Spirit—Glen Davis .. | 3,131 | 4,084 | 3,128 |

Data of by-product benzol production at the steel works are not published. Imports of the various oil products were 888,971,514 gallons in 1946, 790,504,965 gallons in 1947 and 925,411,792 gallons in 1948. Exports of various oil products totalled 22,271,290 gallons in 1946 and 22,012,227 gallons in 1947. The 1948 figure is not yet available.

Exploration for oil both by governments and by the various companies is active throughout Australia and its Trustee Territories. The following figures for surveying activity in 1948 in crew-months are taken from a Review of Australian Petroleum Industry prepared in August, 1949, by the Division of Industrial Development. They show the comprehensive nature of the search for oil now in progress :

| | Australia | Papua-New Guinea |
|-----------------------|-----------|------------------|
| Seismic Surveys .. | — | 2 |
| Gravity Surveys .. | 8 | 12 |
| Magnetic Surveys .. | 8 | 6 |
| Geological Surveys .. | 56 | 70 |

"Since the commencement of exploration," continues the Review, "at least 268 test-wells have been drilled with an aggregate depth of about 463,200 feet, and the total expenditure on the search for oil to the end of 1948 has been at least £7.5 million."

The Review sums up the position as follows :

"Although commercial production of oil in Australia and the Territories is still awaited, there is strong hope that eventually oil fields will be discovered. All the conditions considered essential for the occurrence of oil in commercial quantities are present in Papua ; seepages in the formations being tested provide proof of the presence of oil, and commercial production has been achieved in Dutch New Guinea. Although conditions on the mainland are less promising than those in Papua, they are good enough to warrant thorough investigation ; geological petroleum structures are known to exist in Queensland and the presence of petroliferous gas and traces of oil has been proved in the vicinity of Roma ; extensive sedimentary basins with a considerable thickness of marine sediments exist in Western Australia ; oil occurs in the tertiary rocks of Victoria and sediments of the same age are found in the Portland Nelson-Mount Gambier district of Victoria-South Australia."

Manufacturing Industries

The denial of normal import supplies during the war years, combined with the increased wartime need for the products of manufacturing industry ; the considerable expansion in Australia's post-war national income and demand, coupled with the continued difficulty in obtaining adequate imports of manufactured goods in the early post-war years and the need to economise on dollar imports ; the introduction of a number of large-scale industrial development schemes and the need for capital equipment ; all these are factors which have tended to accelerate the growth of Australia's manufacturing industries.

The development of manufacturing has been actively encouraged by the Commonwealth Government. To this end, in 1943 the Secondary Industries Commission was set up within the Ministry of Post-War Reconstruction. In the early stages the task of the Secondary Industries Commission was to review Australia's wartime industrial development, to suggest alternative uses for government factories, and to assist Australian industry in meeting the problems of transition. At the end of the war, with her industrial equipment and capacity considerably expanded, with her improved industrial technique and increased industrial labour force, Australia was in a strong position to consolidate her manufacturing industry for peace-time production.

The record of her industrial progress has indeed been impressive. If the proportion of working population engaged in manufacturing operations is accepted as any index of industrialization, Australia is to-day among the more highly industrialized nations in the world. Nearly one in three Australian workers is now engaged in some branch of manufacturing industry, which has reached the point when it employs nearly double the number engaged in agriculture, grazing and dairying. Australia's first major industrialization advance took place between 1911 and 1929, largely as the result of the stimulus of war ; in that period the number of factory employees increased by about 44 per cent. After a further expansion in the post-depression period 1936/39, Australian factory output was, in 1939, almost four times that of 1911. As a result of the continued expansion of existing industries and the establishment of others new to Australia, the value of factory production in 1947/48 (preliminary figures) reached nearly £A489.5 million compared with nearly £A203.5 million in 1938/39, an increase of over 140 per cent. In the same period the value of output (increase in value during

the process of manufacturing plus the values of materials used) rose from £A500 million to £A1,210 million. The 1947/48 value of output was about 20 per cent higher than in the previous year, wholesale prices having risen by about 11 per cent and retail prices by about 6 per cent. Between 1938/39 and 1947/48 the value of plant and machinery increased from over £A274.6 million to nearly £A425 million; the value of materials used from over £A281 million to over £A683.6 million. In analysing these figures it must, however, be appreciated that between 1938/39 and 1947/48 the wholesale price index increased by about 57 per cent and the retail price index by about 35 per cent. The number of establishments engaged in manufacturing industry in Australia increased from 26,941 in 1938/39 to 28,930 in 1944/45 and to 37,375 in 1947/48. Of the latter 15,194 were located in New South Wales, 11,661 in Victoria, 3,642 in Queensland, 2,865 in South Australia, 2,788 in Western Australia and 1,225 in Tasmania.

One useful index of the expansion in manufacturing is provided by the increase in the labour force employed. In 1938/39 an average of 542,170 persons were employed in Australian factories; by the March quarter of 1949 the force had increased to 838,970, an increase of nearly 55 per cent. Appendix VIII gives a detailed breakdown of the increase in employment in the branches of manufacturing industry between 1938/39 and the March quarter of 1949; whilst Appendix VII shows the value of production in the various branches of manufacturing industry in the year 1947/48 (preliminary figures).

The typical Australian factory has changed little in size during the last ten years and is still a small unit. The following table classifies factories according to numbers employed and shows, for the years 1938/39 and 1947/48, the percentage of factories and the percentage of factory workers falling within each category:

| Number of hands | Percentage of all factories | | Percentage of all factory workers | |
|-----------------|-----------------------------|---------|-----------------------------------|---------|
| | 1938/39 | 1947/48 | 1938/39 | 1947/48 |
| 0—4 | 42.0 | 38.2 | 4.9 | 4.2 |
| 5—10 | 26.2 | 17.1 | 8.4 | 8.2 |
| 11—50 | 24.1 | 36.7 | 25.4 | 25.6 |
| 51—100 | 4.2 | 4.3 | 13.8 | 13.0 |
| Over 100 | 3.5 | 3.7 | 47.5 | 49.0 |

During the war the larger factory increased in importance and in 1942/43 61 per cent of factory workers were employed in factories of more than 100 hands. Since then their relative importance has declined but, as will be seen from the above table, the tendency for factories to be larger than before the war was apparent in 1947/48.

Both the Federal and State Governments are urging the decentralization of industry away from the metropolitan areas. During the war 42 war factories were constructed and of these 32 have been reconverted for peace-time production—20 in rural areas and 12 in the outer suburbs of State capitals. Among the difficulties being experienced in connection with decentralization are those of high transport costs, shortage of labour and accommodation outside metropolitan areas, and the limited power available.

Whilst the progress of secondary industrialization in Australia in the last decade has been outstanding, the full operation of industrial capacity has been handicapped by the shortage of a few basic materials and by the need for increased

manpower. The vital importance of increased production as the key to the raising of the standard of living has repeatedly been emphasized by the Australian Prime Minister. For example, in his budget speech on 8th September, 1948, Mr. Chifley said :

"There is a clear need to raise output in practically all industries. . . . The main responsibility lies with producers, employers and employees alike—and the solution must be sought both in greater output per worker and higher standards of efficiency on the part of management. Lacking these, the greatest benefits of full employment will not be realised, standards of living will stagnate at levels satisfactory to no one, and we will fall short in the contribution due from us towards world recovery."

A leading Australian economist, Professor Copland, estimates that the Australian economy, as a result largely of shortages of basic materials, is operating at only about 70 per cent of its capacity, and he regards some of the recent expansion of lighter Australian industry as uneconomic. Without question, if basic material and power production in Australia could be expanded a substantial increase in the output of the main range of manufacturing industry would follow. If, however, there is no appreciable increase in the output of the basic industries the danger is that Australia will considerably over-reach herself industrially. Among the suggestions made for a more balanced development of the Australian manufacturing economy have been those urging the stricter control of capital issues, a more selective bank credit system, and the reduction of duties on some imported manufactures, thereby discouraging uneconomic "mushroom" expansion.

Although the output of coal is above that of the pre-war level, it is far below that necessary to satisfy current demand (1938/39 coal output 12,198,000 tons, 1948/49 output 15,041,000 tons). Apart from the heavy direct requirements of manufacturing industry, very large quantities of coal are needed for the generation of electric power, which has increased from 4,688 million kW. in 1938/39 to 9,043 million kW. in 1948/49, and is still far from adequate. Industrial users account for about two-fifths of total electricity consumption and domestic users for about a quarter. Electricity is being used on an increased scale in Australian houses and of course the gradual acceleration in the house building programme has further increased domestic consumption. In the period 1939/49 the total gas produced in gas works increased from 21,472 million cubic feet to 36,524 million cubic feet. The spasmodic rationing of both gas and electricity to industry still continues.

The coal problem is in itself in part due to the lack of sufficient manpower in the mines. State Governments are promoting the extended development of existing black and brown coal areas at Blair Atholl in Queensland, Yallourn and Morwell in Victoria, Leigh Creek in South Australia, and Collie in Western Australia.

From the longer-term viewpoint, the major scheme for the diversion of the Snowy River for irrigation and hydro-electric uses at a cost of about £A200 million will undoubtedly have most important effects on the future of Australian manufacturing industry. It will also affect the future location of industry. Four major dams will be constructed, 42 miles of tunnel, 170 miles of racelines and seven power stations. It is estimated that the scheme will provide 1,720,000 kilowatts of power (almost equal to the present installed capacity of the whole of Australia).

Another planned project in New South Wales is the construction of the

Clarence Gorge hydro-electric and irrigation scheme. According to the Commonwealth Division of Industrial Development it is estimated that on completion this project will have a maximum capacity of 250,000 kW. In Queensland a further important development in the provision of additional electrical power is that of the Burdekin River dam; it is estimated that this scheme will at the end of 15 years have a capacity of 75,000 kW.

Apart from these long-term hydro-electric projects a number of shorter-term schemes have been planned, and definite programmes have already been prepared. These projects will require an estimated expenditure of over £A194 million and are expected to increase the present capacity by over 200 per cent, from 1,978,223 kW. in June, 1948, to 5,894,923 kW. by 1957. The largest absolute expansion will be in New South Wales. Queensland with an estimated capacity expansion of about 410 per cent proposes the greatest percentage increase; the increases planned in other States are Western Australia 196 per cent, Victoria 178 per cent, South Australia 115 per cent and Tasmania 112 per cent. In June, 1948, 42 per cent of totalled installed capacity was in New South Wales, 28 per cent in Victoria, 9 per cent in Queensland, 9 per cent in Tasmania, 8 per cent in South Australia and 4 per cent in Western Australia. The proportion of hydro-electric generating capacity among the new projects (excluding the Snowy, Clarence and Burdekin river schemes) is 13.5 per cent, about the same proportion as present installed capacity. Clearly as the vast majority of these schemes will be steam operated there will be a still further substantial increase in the demand for coal.

Among the more important of these shorter-term schemes is the one to increase the generating capacity of Bunnerong Station in New South Wales by 50,000 kW. and to construct a new 200,000 kW. station at Pyrmont. A new station being built at Newcastle will have an ultimate capacity of 350,000 kW. A new steam power station being built at Lake Illawarra, south of Sydney, will have an ultimate capacity of 150,000 kW.

In Victoria the most important scheme is the Kiewa hydro-electric project which at a cost of £A25 million, will by 1958 provide a total generating capacity of 289,000 kW. In addition, by 1954 it is planned to double the present 175,000 kW. capacity at Yallourn. In Queensland a new steam power station being built at Tennyson will have an ultimate capacity of 240,000 kW., whilst a further station being built near Bulimao will also have a capacity of 240,000 kW. A power station being built at Townsville will have an ultimate capacity of 52,500 kW.

In South Australia a power station is to be built near Adelaide with an estimated ultimate capacity of 180,000 kW., of which 120,000 kW. will be installed by 1957. A new station is being built at South Fremantle in Western Australia; in this plant a capacity of 100,000 kW. is being installed. It is reported that a further 50,000 kW. capacity will be added by 1957.

In Tasmania, where the hydro-electric potential has been reported at 1.75 million h.p. only a small part of this potential has so far been utilized. The biggest scheme at present is the building of a new station at Tungatinah on the Nive River; the station will have an initial capacity of 100,000 kW.

Whilst at the moment Australia is handicapped by the shortage of electricity generating capacity there is every indication that within the next few years many of her difficulties, if not completely surmounted, will have been eased considerably. In the more distant future the completion of her large-scale hydro-electric projects will without doubt profoundly affect the extent and location of her industrial development.

Shortage of coal and manpower has also restricted Australia's output of steel (the steel industry consumes about one-fifth of Australia's coal output). Production of New South Wales ingot steel (practically all the Australian production) in 1938/39 amounted to 1,170,000 tons, in 1948/49 to 1,129,000 tons; production of Australian pig iron in 1938/39 amounted to 1,105,000 tons, in 1948/49 to 1,035,000 tons. Current estimates are that the Australian steel industry is at present working at between two-thirds and four-fifths of full capacity. With the expansion of Australian manufacturing industry the demand for steel has increased very substantially, and the shortage has had a considerable limiting effect on the output of practically the whole range of secondary industry.

In addition a number of branches of secondary industry are themselves suffering from a shortage of manpower. The Commonwealth Employment Service has well over 100,000 unfilled jobs registered, although the actual shortage is estimated at between 200,000 and 250,000.

Scarcity of labour and basic materials, coupled with the limited market open to most Australian manufacturers, means that many industries inevitably operate well below optimum capacity. Overheads are apt to be high in relation to output and some economics and methods practicable in large factories cannot advantageously be adopted by many Australian firms.

Post-war Investment in Australian Industry

Overseas capital and "know-how" have played a very definite part in the post-war expansion of Australian secondary industry. Direct investment in Australian industries by overseas companies has been actively encouraged by the Australian authorities.

According to the Commonwealth Division of Industrial Development, in the four years ended June, 1949, investment in Australian manufacturing industry amounted to £A173 million and the number of companies involved was 3,707. Of new manufacturing industries started in this period 2,477 with a capital value of £A26 million, were wholly Australian; 171, with a capital of nearly £A26 million, were closely associated with overseas interests. The bulk of overseas investment was from the United Kingdom and the U.S.A. In the same period 931 companies planning expansion of existing operations were wholly Australian, and the expenditure involved was over £A83 million; whilst 158 companies planned expansion with the assistance of overseas firms, involving a capital expenditure of £A37.25 million.

In the year ended June, 1949, 1,303 new manufacturing projects were announced in Australia, involving a capital investment of nearly £A29.25 million. Of these projects 946 were initiated by new companies with issued capital of nearly £A11 million and 357 were announced by existing firms, their expansion plans costing over £A18.25 million.

Review of the Main Groups of Australian Manufacturing Industry

Treatment of non-metalliferous mine and quarry products

Within this class of products are coke briquetting, lime, plaster, cement and cement products. The value of production within this group increased from just over £A5 million in 1938/39 to over £A9.7 million in 1947/48 (preliminary figures),

and the labour force employed increased from 10,343 in 1938/39 to 14,355 in the March quarter of 1949, an increase of 38 per cent. At the latter date, the labour force engaged in this group was 1.7 per cent of the total labour force in Australian factories. Of the 14,355 persons within this group, in the March quarter of 1949, 7,231 were engaged in making cement and cement goods (including asbestos sheets), 3,621 in the production of marble and slate products and 1,128 in the production of coke. Production of Portland cement in Australia in 1948/49 (preliminary figures) amounted to 1,083,217 tons compared with 867,849 tons in 1938/39 and 1,012,911 tons in 1947/48. Total consumption of Portland cement in 1948/49 in Australia was 1,113,263 tons; 5,496 tons were exported during the year and 35,542 tons imported. Production of cement building sheets increased from 9.5 million square yards in 1938/39 to 18.1 million square yards in 1948/49, and the production of cement roofing tiles from 6.7 million in 1946/47 to 29.6 million in 1948/49.

According to the Division of Industrial Development, in the period from September, 1945, to June, 1948, business within this group commenced or signified its intention to commence new and expanding projects involving a capital expenditure of £A18.7 million. In view of the very heavy domestic demand for house building and constructional work it is unlikely that the demand for the products of this group will be satisfied for a number of years.

Bricks, pottery, glass, etc.

The value of production in this group increased from over £A5.6 million in 1938/39 to £A9.4 million in 1947/48, whilst the number employed within the group rose between 1938/39 and the March quarter of 1949 from 15,709 to 18,408, an increase of 17 per cent. In March, 1949, the labour engaged in this group amounted to 2.2 per cent of total Australian factory employment.

Of the 18,408 persons engaged in March, 1949, 8,281 were producing bricks and tiles, 7,089 glass and glassware and 2,930 earthenware. Production of bricks fell from 721 million in 1938/39 to 626 million in 1948/49. Production of terra cotta roofing tiles increased from 39.7 million in 1938/39 to 45.2 million in 1948/49. Between September, 1945, and June, 1948, plans of new and expanding projects were announced within this group involving a capital expenditure of £A5 million. Among the more important of these are those of the Australian Consolidated Industries (Australia's largest glass manufacturing organization) which proposes to produce such new products as glazed wall and floor building tiles, blown glassware, lighting ware, sheet and figured rolled glass and plastics.

Chemicals, dyes, explosives, paints, oils and greases

Value of production within this group increased from nearly £A12.5 million in 1938/39 to over £A28.6 million in 1947/48. Between June, 1939, and 1947/48 the chemicals wholesale price index increased by 47.8 per cent. Between 1938/39 and the March quarter of 1949 the labour force rose from 19,816 to 33,766, an increase of 70 per cent. During the war period production and capital equipment within this group were considerably expanded.

In the March quarter of 1949, of the 33,766 persons engaged in this group, 6,672 were producing industrial and heavy chemicals, 5,355 pharmaceutical and toilet preparations, 4,563 white lead paints and varnish, 3,693 chemical fertilisers, 3,412 soap and candles, and 2,939 explosives (including fireworks).

The Australian cosmetics industry is firmly established and supplies almost completely the domestic demand (which is now substantially above the pre-war level). There is a sizeable export trade in these products. Production of soap in Australia increased from 998,000 cwts. in 1938/39 to 1,073,486 cwts. in 1947/48, production of soap extracts and powders from 181,917 cwts. to 525,958 cwts. Imports of toilet soap decreased from 1,462 cwts. in 1938/39 to 165 cwts. in 1948/49 whilst exports increased from 1,864 to 5,499 cwts.

Production of ready mixed and oil paints in Australia increased from 2,115,000 gallons in 1938/39 to 3,495,472 gallons in 1947/48, whilst the production of colour lacquers increased from 472,736 gallons to 715,386 gallons.

During the war four synthetic ammonia plants were built by the Commonwealth Government; all these plants have subsequently been extended for the production of ammonium sulphate, and it is reported that three will produce methanol. Among the more interesting expansion plans are those for the increased production of urea formaldehyde resins and moulding powders and the manufacture of polyvinyl chloride.

In face of the acute shortage of alkalis (caustic soda, soda ash, etc.) expansion is taking place in the production of alkali by the Solway process. In addition, manufacture of large quantities of sulphuric acid from lead concentrates is contemplated. Production of superphosphate in Australia increased from 1,199,000 tons in 1938/39 to 1,423,000 tons in 1948/49; production of sulphate of ammonia from 24,300 tons in 1938/39 to 53,100 tons in 1948/49; whilst in the same period production of sulphuric acid (100 per cent) increased from 489,000 tons to 583,000 tons.

Bitumen and Oil Refineries (Australia) Ltd. has established a new bitumen factory in New South Wales, which, in addition to producing bitumen will be able to treat any crude oil for the production of a large range of petroleum products. High grade chromic acid is now being produced at Parramatta, New South Wales, by Chrome Chemicals (Australia) Proprietary, Ltd., a newly established enterprise. The Colonial Sugar Refining Company Ltd. is reported to be planning the erection of a factory for the production of cellulose acetate and acetic anhydride. It is intended to produce a number of grades of cellulose acetate for plastic manufacture.

Among other plans for expanded production within this group are those for a synthetic butanol plant, increased production of hydrogen, nitrogen, production of white lead by the Euston precipitation process and a considerable expansion in the production of pharmaceutical, soap and toilet requisites. Monsanto (Australia) Property Ltd. are now producing a wider range of chemicals and have constructed a plant for the production of phenol-formaldehyde plastics. Australian Titan Products Property Ltd. have opened a new factory near Burnie, Tasmania, which will produce titanium pigments. The Shell Company of Australia is reported to have completed plans for substantial extensions, including the production of road bitumen and high grade lubricating oils.

Planned capital expenditure on new and expanding projects between September, 1945, and June, 1948, was reported to amount to £A13.4 million, the biggest increase being in the industrial, chemical and pharmaceutical products group and in the treatment of crude oils, fertilisers and explosives production.

Industrial metals, machines and implements

The bulk of the expansion of Australian manufacturing industry within recent years has been within this group. Value of production increased from nearly

£A62.4 million in 1938/39 to over £A181.3 million in 1947/48. Between June, 1939, and 1947/48 the "metals and coal" wholesale price index increased by about 46 per cent. In 1938/39 the labour force in this group numbered 177,677; by the March quarter of 1949 it had increased to 319,239, an increase of 80 per cent; in March, 1949, 38.1 per cent of persons in factory employment in Australia were within this group.

The whole range of products within this group were substantially affected by the need for increased wartime production. Among the many developments likely to have a significant effect on Australia's industrial future was the expansion in the production of machine tools. During the war, as a result of the general industrial growth, machine tools of every kind were required in large quantities in Australia. Australian industry consequently improved its machine tool and gauge making skill and technique and to-day a much wider variety of machine tools is being produced in substantially increased quantities.

In the war period there was also greatly expanded activity in the Australian shipbuilding industry; from the outbreak of war up to November, 1945, over 33,650 small craft, from boats to seagoing ships, had been built in Australia. The types of ships varied considerably and ranged from destroyers, frigates, corvettes and mine sweepers under naval construction requirements, to ocean-going tugs, oil lighters, freighters and high-speed launches. Floating docks and floating dock cranes were also built in Australia. Throughout the period of wartime shipbuilding Australian workshops supplied machinery and auxiliary equipment from boilers, marine engines and turbines to crank shafts and propellers for all types of ships constructed. Since the end of the war the Australian shipbuilding industry has consolidated its position and within the last few years there has been a still further expansion of its labour force.

In December, 1948, the Commonwealth Government introduced a Shipping Bill (which has since come into operation). The Act provides that no vessel exceeding 200 tons may be built in Australia except under a licence granted by the Minister for Shipping and that no vessel exceeding 200 tons may engage in trade on the coast except under licence. Such licences will be granted to any ship less than 24 years old and built in an Australian shipyard. Except during the transition period, or in cases where a vessel is needed urgently for a particular trade, or the vessel needed is of a type which cannot be built in an Australian yard, such licences will not be granted to permit the import of vessels from overseas. The ultimate effect will, therefore, be to prevent the purchase from United Kingdom yards of vessels for the Australian coastal trade and to confine that trade to ships built in Australian yards.

It is recognised that the cost of building ships in Australia may, at present and for some time to come be considerably higher than the cost of similar ships built in United Kingdom yards. In order to offset this disadvantage, the Act provides that the Australian Government may buy ships from Australian yards and then resell them to shipping companies at a lower price than the cost to the Australian Government. The prices at which the vessels will be sold by the Government to private companies is designed to be approximately equivalent to that of similar vessels built in a United Kingdom shipyard but the amount to be borne by the Government under this arrangement is in no case to exceed 25 per cent of the cost of the Australian ship.

A considerable wartime stimulus was given also to the manufacture of telecommunication equipment; urgent defence work called for telecommunication

equipment ranging from the smallest army portable field sets to 10,000 watt transmitters. Highly technical radar apparatus and radio testing instruments were manufactured in substantial quantities. Aircraft instruments, high frequency long range transmitters and direction-finding equipment, as well as mobile telegraph and telephone installations, were also produced in Australia. The development of the electrical industry has continued in the post-war years; the expansion has been considerable in the production for domestic needs of such articles as heaters, grillers, cooking ranges, fans, radio sets, vacuum cleaners, washing machines, and refrigerators. The production of domestic refrigerators, for example, increased from 29,500 in 1938/39 to 145,400 in 1948/49; in the same period the production of electric cooking stoves increased from 8,800 to 37,100, solid fuel cooking stoves from 46,700 to 52,200 and solid fuel stoves from 54,500 to 58,800. The availability in Australia of copper, silver, tungsten, beryllium, and various non-ferrous alloys used extensively in electrical apparatus is a factor particularly favourable to the future expansion of that industry.

In the motor-car industry the most interesting development has been the post-war production by General Motors Holden Ltd. of what has been acclaimed as the first Australian car, the "Holden". Production began in December, 1948, with an output of seven per day; this rose to 22 per day in March, 1949, and it is hoped by the manufacturers that it will be increased to 80 per day or 20,000 a year by the end of 1949. Considerable expansion plans have also been announced in the Australian assembly plants of the leading overseas motor-car producers. The Ford Company has set up additional plant to increase the production of locally made components. International Harvester has expanded to produce motor-truck bodies and chassis. Rootes also have set up a plant for the assembly of cars and commercial vehicles. In addition, there is considerable interest in the possible local manufacture in Australia of an efficient cheap car for the lower income groups.

The shortage of labour and materials is reflected in statistics released by the Commonwealth Statistician, showing that the production of sedan and coupé motor bodies in Australia decreased from 41,112 in 1938/39 to 26,230 in 1948/49, whilst in the same period the production of bodies for utilities fell from 8,578 to 7,335.

The Australian aircraft industry also made substantial progress during the war years; by 1945 3,488 aircraft had been constructed. The production of heavy Lincoln bombers was continued and jet propelled aircraft are being developed in Australia at the Sydney factory of De Havilland Aircraft Proprietary Ltd. A sound aircraft industry is considered vital to Australia's defence.

The Australian Aluminium Production Commission has been set up by the Commonwealth Government to develop the production of aluminium ingot. An output of 10,000 tons a year is said to be contemplated, using the Bayer process for the extraction of pure aluminium from crude bauxite, and the Hall-Herault process for electrolytic aluminium from alumina. It is proposed that the works be located in Tasmania and that the Tasmanian Hydro-Electric Commission will supply power. Ultimately it is expected that the project will greatly benefit Australian industry which now depends on overseas ingot supply.

The current supply of Australian-made agricultural tractors is very small. However, the planned production of tractors (mainly in the 24 to 35 h.p. class) is ambitious. How far the production programme will be maintained will depend largely on the availability of raw materials, equipment and labour. The plant

capacity of the agricultural implements industry was considerably expanded during the recent war. Present output is, however, handicapped by labour and raw material shortages.

Among the expansion plans of Broken Hill Property Company Ltd. are those for a new hot and cold strip mill and tinplate plant at Port Kembla. The Australian iron and steel industry has now six blast and 21 open hearth furnaces with an annual capacity of about 1.75 million tons of steel from local ores.

Tables knives are now being produced in Tottenham, Victoria, by the Wiltshire File Company.

It was reported by the Division of Industrial Development that companies within this group indicated that new or expanded production projects planned in the period September, 1945, to June, 1948, would involve a capital expenditure of £A52 million. John Lysaghts (Australia) Proprietary Ltd. plan a considerable expansion programme in the production of sheet steel. Under a recent agreement between the Clyde Engineering Ltd. of New South Wales and the Electro-Motive Division of General Motors Corporation, Clyde Engineering Ltd. will manufacture Diesel locomotives. It is expected that the first locomotive will be ready in 1950. Other projects include the manufacture of heavy earth moving and road making equipment, coal mining machinery, heavy handling machinery, razor blades, agricultural tractors and implements, electrical motors, shoe making and leather working machinery, boilers and radiators, food preparing machinery, air-conditioning machinery, fractional h.p. motors, ball and roller bearings.

Precious metals, jewellery and plate manufacture

Value of production within this group increased from £A931,000 in 1938/39 to £A2.9 million in 1947/48. Between 1938/39 and the March quarter of 1949 the labour force engaged in this group rose from 3,726 to 5,293, an increase of 42 per cent. This, however, represented only .6 per cent of all labour in Australian factories. Of the 5,293 persons, 2,080 were engaged in jewellery, 1,898 in gold, silver and electro-plate work and 1,315 in watch and clock manufacture.

Although only a small group, a steady post-war expansion has taken place in this well-established group. Among the more recent developments within this branch has been the formation of a company to manufacture the products of a well-known United Kingdom firm—particularly alarm clocks, watches and aircraft instruments. Furthermore an important American concern has formed a company with Australian associates to manufacture alarm clocks and watches.

Textiles and textile goods (not dress)

Value of production in this group increased from nearly £A11 million in 1938/39 to over £A32 million in 1947/48; the "textiles" wholesale price index between June, 1939, and the year 1947/48 had increased by about 183 per cent. The number employed rose from 46,082 in 1938/39 to 62,537 in the March quarter of 1949, an increase of 37.6 per cent. In March, 1949, the number employed in this group represented 7.5 per cent of all labour in Australian factories. Of the 62,537, 23,266 were employed in wool-carding, spinning and weaving, 21,146 in hosiery production, 8,309 in cotton manufacture.

In spite of such severe limitations as the restricted labour supply, shortage of capital equipment and in some cases of raw materials also, plans for post-war expansion are directed towards a substantially increased production. Both the

wool and rayon weaving industries have expanded considerably since the end of the war and the commencement of rayon spinning is planned.

At present it is estimated there are between 700 and 1,000 rayon weaving looms in Australia. The present production capacity is about 10.5 million square yards per annum. Actual production is about 7 million square yards per annum. Expansion will depend on the ability of the Australian rayon industry to meet overseas competition, the availability of rayon yarn, and labour supply. If roller printing is established on a sizeable scale the Australian manufacturer would have the opportunity of competing for a large share of the market.

It has been estimated quantitatively by the Commonwealth Division of Industrial Development that at full capacity Australian woollen manufacturers could produce 40 per cent, and worsted manufacturers 15 per cent, more than is needed to satisfy the Australian market. Production at present is, however, far below capacity. The potential Australian demand for local production of woven knitted piece-goods has been estimated as approximately 50 million lbs. per annum. It is further estimated that the local cotton manufacturing industry, which only supplied between two and three per cent of pre-war consumption, could produce 40 per cent of the requirements. However, cotton yarn, made in Australia, is of counts less than No. 50. Cotton weaving also concentrates on the coarser types. It is estimated that, disregarding backlog requirements, the local demand for cotton piece-goods is about 240 million square yards per annum; local capacity is at present about one-sixth of this but if developed to the full, it could, according to some authorities, meet most of the Australian requirements for towels and towelling, cotton tweeds, denims, drill, etc., cotton canvas and duck. Current production in cotton weaving is, however, well below capacity due to shortage of labour and yarns. The extent of idle capacity is estimated at 40 per cent.

Carpet manufacture in Australia has increased substantially since 1938/39; local industry now produces about 700,000 square yards per annum and a sizeable expansion is expected in the near future. The dominant influence in the demand for carpets is the effective house-building programme. In carpet manufacture the labour position is better than in other textile industries, probably because earnings are higher. Raw materials of the carpet industry are mainly imported (mostly New Zealand wool and Indian jute) but felt floor coverings are made chiefly of Australian wool.

According to the Commonwealth Division of Industrial Development, capital expenditure planned by this group in the period September, 1945, to June, 1948, amounted to £A21.2 million. Most of this recent capital expansion will result in increased production of cotton yarn, thread, pillow-cloth and sheeting; expanded dyeing, bleaching and other processes; increased manufacture of carpets from Australian raw materials and the manufacture of rubber-based woollen carpets; expanded production of rayon yarn and synthetic fibre materials; production of rayon and nylon piece-goods, of cordage, twine and linen thread; increased production of chenille textiles and household furnishings, increased spinning and weaving of fine woollen piece-goods and production of wool moquette; and the manufacture of plastic cloths, products and materials.

Among new textile enterprises is River Hart Ltd. This firm has been established at East Oakleigh, Victoria, and will be engaged in spinning French type fine woollen yarns.

Skins and leather industries (excluding footwear)

In this group the value of production increased from £A3.2 million in 1938/39 to £A9.3 million in 1947/48; whilst between 1938/39 and the March quarter of 1949 employment increased from 10,767 to 14,722, an increase of 37 per cent. In March, 1949, employment in this group amounted to 1.8 per cent of total employment in Australian factories. Of the 14,772 persons employed in March, 1949, 4,777 were employed in tanning and leather dressing, 4,133 in manufacturing bags and trunks and 3,720 in fellmongery and wool scouring.

As a result of the cessation of orders for defence footwear there has been in recent years a surplus of products within this group for export; in 1947/48 5,237,000 square feet of Australian upper leather and 1,941,000 square feet of sole leather were exported. Normally the footwear industry consumes about 75 per cent of tanners' output.

The output of dress leather gloves in Australia in 1948/49 was 36,900 dozen pairs, compared with 4,000 dozen pairs in 1938/39.

Whilst this group represents only a small portion of Australian manufacturing industry, it has shown noticeable post-war expansion. Plans for capital expansion provide for new and better processing and for the production of a wider range of products. If these plans materialise it is probable that Australia will need to sell more leather overseas; either in the form of leather itself, or of footwear or other manufactures.

Clothing and footwear industries

The value of production in this group increased from just over £A16.6 million in 1938/39 to nearly £A43.3 million in 1947/48; employment rose from 86,092 in 1938/39 to 107,920 in the March quarter of 1949, an increase of 25 per cent. In March, 1949, 12.9 per cent of the persons employed in Australian factories were employed in this group. Of this labour force 34,729 were employed in tailoring and readymade clothing manufacture, 22,672 in the manufacture of shoes and accessories, 16,502 in dressmaking, 12,076 in the manufacture of shirts and underclothing, and 8,047 in dyeworks and drycleaning.

Production of boots and shoes and sandals is at present at the rate of about 17.5 million pairs per annum. In some of the cheaper lines of leather footwear there is a tendency to over production. Imports of footwear have for many years been negligible in relation to domestic production. One of the footwear industry's main problems is that of the shortage of labour.

In 1947/48 production of fur felt hats in Australia amounted to 106,000 dozen, production of wool felt hats to 9,600 dozen.

Overseas interests, particularly the United Kingdom and the United States have been very active in the post-war expansion of this group. Among the branches planning further expansion are clothing, swimsuits, footwear, foundation garments, elastic and rigid braids, elastic yarns, net elastic, surgical stockings and corset elastic.

Food, drink and tobacco industries

In this group the value of production increased from £A41.6 million in 1938/39 to £A78.2 million in 1947/48. The foodstuffs and tobacco wholesale price index increased by about 53.1 per cent between June, 1939, and the year 1947/48. Between 1938/39 and the March quarter of 1949 employment increased

from 83,846 to 113,277, an increase of 35 per cent. In March, 1949, employment in this group was 13.5 per cent of the total employment in Australian factories.

The output of jam rose between 1938/39 and 1948/49 from 37,900 tons to 59,800 tons; refined sugar production from 339,000 to 499,000 tons; biscuits from 32,900 tons to 48,000 tons; confectionery from 101.6 million lbs. to 135.6 million lbs.; beer from 90 million gallons to 148 million gallons; but tobacco dropped from 28.5 million lbs. to 28.1 million lbs.

Production of factory butter, however, decreased from 195,000 tons in 1938/39 to 161,000 tons in 1948/49, owing partly to the increase in the output of processed milk products from 37,900 tons to 59,800 tons. Ice-cream production increased from 4,262,000 gallons to 14,422,000 gallons.

The manufacturing industries within this group are among the oldest in Australia, and are well-established in every State. During the war, heavy demands were placed on the production capacity of these industries to meet the needs of the allied fighting services based in Australia. Output increased considerably during the war years and many new and improved methods were introduced. Post-war plans include projects for expanded food processing and packing, tobacco manufacture, freezing and canning of fish and meats, pineapple canning and increased biscuit manufacture.

Timber mills, plywood, woodworking and basketware

The expansion in this group within recent years has been very considerable; value of production increased from nearly £A9.5 million in 1938/39 to nearly £A24.5 million in 1947/48. The number employed increased from 30,739 to 42,028 between 1938/39 and the March quarter of 1949, an increase of 46.9 per cent. In March, 1949, this group employed 5 per cent of all Australian factory labour. Of the 42,028 persons, 22,397 were working in sawmills, 7,817 in joinery and 4,554 in making boxes and cases.

Production of sawn native timber has increased from 717 million super feet in 1938/39 to 1,212 million super feet in 1948/49, whilst the production of fibrous plaster sheets in the same period increased from 7,605,000 square yards to 13,471,000 square yards.

Post-war developments provide for the expansion of capacity of sawmills, timber and drying yards, seasoning plant, household timber production, veneers, furniture panel plywood manufacture, production of resin, impregnated compressed woods, metal and plastic-faced plywoods, commercial plywoods for aircraft, motor body and shipbuilding industries, expanded production of soft-wood logs for floors, prefabricated houses, fibre board and laminated hard-wood construction.

Furniture and furnishings

In this group the value of production between 1938/39 and 1947/48 increased from £A4.2 million to £A9.1 million, whilst numbers employed rose between 1938/39 and March, 1949, from 15,287 to 17,196, an increase of 12 per cent. In March, 1949, employment in this group was 2 per cent of total employment in Australian factories.

Supplies of household furniture at present are generally sufficient to meet current demand. Most of the furniture used in Australia is produced by local industry.

In the post-war period in this group there has been an increase in production and capital investment, particularly in the manufacture of household and commercial furniture and the production of drapery and soft furnishings and upholstery.

Paper, stationery, printing and bookbinding

The value of production increased from about £A14.6 million to over £A29.6 million, whilst the numbers in employment, between 1938/39 and March, 1949, rose from 39,913 to 49,434, an increase of 24 per cent. Of the 49,434 persons, 17,321 were employed in general printing, 11,954 in the manufacture of newspapers and periodicals, 6,133 in paper making, 4,278 in the manufacture of cardboard cartons, boxes, etc., and 3,571 in the manufacture of stationery.

Increasing demand for printing paper, fine papers, and newsprint, together with the difficulty of importing supplies from the Dollar Area, has considerably stimulated local production.

Among the projects of recent development are those for increasing the production of newsprint. Suitable plant purchased overseas is being adapted to use Australian hardwoods. Australian production of paper boards is being increased and local publishing facilities are being extended. Other projects will result in expanded production of vegetable parchment, glassines, greaseproof paper, together with the manufacture of decorative window-signs and transfers for home furnishing decoration.

During 1948 arrangements were completed for the establishment of a new paper mill at Burnie in Tasmania. The annual capacity of the mill will, it is reported, be 10,000 tons of finished products, among which are vegetable parchment and greaseproof papers.

Rubber

In this group the value of production between 1938/39 and 1947/48 increased from nearly £A2.8 million to over £A6.4 million, whilst between June, 1939, and the year 1947/48 the "rubber and hides" wholesale price index increased by about 26.2 per cent. Between 1938/39 and March, 1949, numbers employed in this group rose from 7,502 to 11,270, an increase of 52 per cent. In March, 1949, employment in rubber manufacture represented 1.3 per cent of total employment in Australian factories.

Rubber manufacture was already well established in Australia before 1939; during the war, as a result of the need for increased production for defence purposes, capacity was considerably enlarged. The range of production in post-war years has been greatly expanded.

The manufacture of pneumatic tyres, tubes and other rubber products for motor-vehicles accounts for about 75 per cent to 80 per cent of all rubber consumed in Australia. Of the remaining 20-25 per cent one-third is used in industrial or mechanical goods and two-thirds in a wide variety of miscellaneous goods. The present milling capacity of the industry is estimated at 60,000 tons of compounded rubber per annum. However, current output of rubber products is below full capacity, due largely to labour shortages. If sufficient labour were forthcoming, and if adequate supplies of dollar materials were available (largely tyre cord and fabric) the plant capacity of the Australian rubber industry would probably be sufficient to meet most of the local demand.

The production of cycle, motor-cycle, car, truck and aero tyres in Australia increased from 2,198,000 in 1938/39 to 3,119,000 in 1947/48.

Among the post-war expansionist programmes, Dunlop Rubber (Australia) Ltd. are reported to have embarked on substantial long range planning. Whilst the company is mainly concerned with the production of tyres, with its subsidiaries it produces a wide variety of commodities, including plastics, special mechanical rubber goods, weatherproofs, sports goods and extruded products for engineering and mining. Other companies are introducing projects for increasing production of rubber flooring, anti-corrosive for lining pipes, the manufacture of foam or sponge rubber and a widened range of products for the furniture and transport industries.

Musical instruments

The value of production of this group increased from over £A136,000 in 1938/39 to £A402,000 in 1947/48. In 1938/39 451 persons were employed; by March, 1949, the number had risen to 966. However, even in March, 1949, the labour force in this group represented only 0.1 per cent of the total employment in Australian factories.

Miscellaneous manufactures

Among these industries are included the manufacture of optical, surgical, dental and scientific instruments, linoleum, oil and leather cloth manufacture and the production of photographic materials, toys and sports requisites. Value of production in this group, between 1938/39 and 1947/48 increased from just over £A2.1 million to nearly £A9.8 million; whilst the numbers employed in this group increased from 7,727 to 16,459, or 113 per cent. In March, 1949, this group accounted for 2 per cent of the total employment in Australian factories.

The Australian optical industry has developed considerably in recent years and now manufactures bi-focal lenses, frames, mountings, microscopes, cinema projection lenses, etc.

IV TARIFF POLICY AND ADMINISTRATION

Geneva, Havana and Annecy

AUSTRALIAN TARIFF POLICY in relation to imports from the United Kingdom is administered within a framework provided by the General Agreement on Tariffs and Trade and by Australia's continuing obligations under the Ottawa Agreement.

Australia was one of the 23 countries whose representatives met at Geneva from April to October, 1947. Their negotiations resulted in the framing of the General Agreement on Tariffs and Trade (G.A.T.T.) which included a number of general provisions directed towards reduction of trade barriers and the elimination of discrimination, and also a series of schedules of specific tariff concessions. The principal countries concerned (including Australia) gave provisional application to the general clauses and it was agreed that the tariff concessions should be put into effect on or before 1st January, 1948. The date from which they operated in Australia was 19th November, 1947.

In November, 1947, representatives of 57 countries (including Australia) met at Havana at the United Nations Conference on Trade and Employment. Taking as a basis a draft prepared at Geneva which included the general provisions of G.A.T.T., this Conference formulated a more detailed and elaborate Charter governing international trade and national economic practices in so far as they affect international trade, and providing for the setting-up of an International Trade Organisation to be responsible for administration of the provisions of the Charter. The Conference concluded its deliberations in March, 1948, and in December of that year Australia, by passing the International Trade Organisation Act, undertook to ratify the Charter and formally accept the G.A.T.T., when they had been ratified and accepted by the United Kingdom and United States. At the time of writing neither of these latter countries has taken this step, although the Charter has been transmitted to Congress by the President.

In April, 1949, representatives of the original 23 countries which had met at Geneva in 1947, together with those of 11 additional countries, met at Annecy for a further round of tariff negotiations, which were completed on 25th August. Australia negotiated directly with Denmark, Finland, Greece, Italy and Sweden only, there being virtually no trade basis for discussions with the remaining six countries. The relevant documents were signed at Lake Success on 10th October, 1949, and concessions may be implemented at any time up to 30th May, 1950. At the time of writing (November, 1949) such action has not been taken by Australia.

Advantages gained by Australia

The Geneva negotiations covered the bulk of Australia's export trade and the Annecy discussions were consequently much more restricted in scope. At Geneva the concessions obtained by Australia were secured principally from the United States, Benelux countries, Czechoslovakia, France, India and Pakistan, and Norway; they included reductions or bindings of rates (or of free entry) on wool, beef, mutton, lamb, dairy produce, rabbit skins, tallow, apples, pears, zinc, lead, sausage casings and hides. As Australia already enjoyed free entry into the United Kingdom for practically all her products, the United Kingdom could

obviously grant only minor additional concessions. Continued free entry was, however, bound for various products and a wider preference margin was made effective on heavy wines.

At Annecy, Australia, in negotiations with the five countries named, obtained direct concessions on wool, tanning materials, mother-of-pearl, wheat, barley, apples and pears. In addition, Australia stands to benefit from reductions of duties on many products, manufactured and other, which were negotiated by other countries, both at Geneva and at Annecy, and which apply generally to the products of all countries entitled to most-favoured-nation treatment.

Advantages gained by the United Kingdom in the Australian market

Australian concessions to the United Kingdom at Geneva included reductions or bindings of duties (or of free entry), and in some cases elimination of primage, on a range of goods too wide to enumerate here. In view of strong protectionist tendencies in Australia, guarantees against increase of rates were regarded by the United Kingdom as valuable safeguards. As part of the general negotiations the United Kingdom agreed to diminution of preference in a number of instances, but the reductions and bindings secured from Australia were considered, broadly speaking, to provide adequate compensation.

In a statement tabled in the House of Representatives, Mr. Dedman, Minister for Post-War Reconstruction, said :

"Generally speaking these reductions in the British Preferential rate have not been extensive but they have covered a very wide range of tariff items. Australia's ability to grant concessions in the present British Preferential Tariff is a direct result of her increased competitive position and is likely to give the United Kingdom no more than a reasonable chance of competition in the Australian market."

Under G.A.T.T. the preferences granted by Australia to United Kingdom exporters cannot, of course, be increased, but existing preferences may be maintained.

Valuation for Duty

Up to and including 14th November, 1947, imports into Australia were valued for duty purposes on an f.o.b. basis in sterling, plus 10 per cent, this addition being intended to cover roughly the cost of freight, insurance and other expenses of transfer. On and from 15th November, 1947, the basis of valuation for duty was changed from sterling to Australian currency. Since then duties have been levied on the f.o.b. value of imports in Australian currency and the 10 per cent addition has been discontinued.

The change was made by the Australian authorities as a matter of administrative convenience and was not intended to result in the payment of higher money duties on imports. In order to prevent this, some readjustment of *ad valorem* rates, to nullify an increase in the approximate ratio of 110 to 125 in value for duty, was obviously necessary. *Ad valorem* rates were therefore reduced by 12 per cent as from 15th November, 1947, and in order to prevent the appearance in the tariff of unconventional and unmanageable fractions, the new rates were rounded off to the nearest $2\frac{1}{2}$ per cent.

The introduction of the new basis has had certain adverse effects on United Kingdom trade, but it is believed that these are of a minor character. For example, the margin of preference was slightly reduced on many items which enjoy free

entry under the British Preferential Tariff; and the rounding off to the nearest $2\frac{1}{2}$ per cent necessarily meant that on some items the adjustment worked out to slightly more than 12 per cent, while on others it was slightly less. In a broad sense, however, some consolation for any exceptional disability imposed on a particular industry may be found in the thought that what United Kingdom export trade lost on the swings it probably gained on the roundabouts.

The alteration in the basis of valuing imports for duty purposes was applied simultaneously to the compilation of statistics of imports.

In the Australian schedule of tariff concessions annexed to G.A.T.T. the rates were given on the old basis of valuation. At Annecy in 1949 the Australians secured the agreement of all parties to the substitution for the original schedule of a new schedule containing rates calculated on the revised basis.

Procedure for Cancellation of By-laws

For many years considerable quantities of goods which would otherwise have been liable to duty under the substantive tariff were permitted to enter Australia under customs by-laws which normally provided for free entry from the United Kingdom and modest rates of duty from foreign countries. Requests for cancellation of by-laws admission were made from time to time by interested Australian manufacturers and a procedure for dealing with such requests was worked out and was embodied in an agreed memorandum adopted by the Australian and United Kingdom Governments in 1935. Briefly, the arrangement was that the question of removal of goods from by-law should be referred in the first place to the Tariff Advisory Committee. If that Committee were unable to make a unanimous recommendation, or if the United Kingdom Government so desired, the matter was then to be referred to the Tariff Board which had to recommend whether the goods should be removed from by-law, and if so, what rates of duty should be applied to them.

This procedure remained in operation until August, 1948. On the 17th of that month, in a letter to the United Kingdom Senior Trade Commissioner, the Australian authorities stated that, largely by reason of a recent legal opinion, they had decided to discontinue it forthwith and to adopt a new procedure according to which by-laws might be cancelled by the Minister for Trade and Customs without reference to the Tariff Advisory Committee. In the event of such cancellation the goods would immediately become dutiable under the substantive item; but as soon as possible thereafter the question of whether the rates of duty under the substantive tariff item were satisfactory to both United Kingdom and Australian manufacturing interests would be referred to the Tariff Advisory Committee. That Committee would either accept the situation or would recommend that the fixing of appropriate rates of duty should be referred to the Tariff Board. Such a reference would be made if the Tariff Advisory Committee recommended it, if the United Kingdom Government requested it, or if the Minister of Trade and Customs considered it desirable or necessary.

The United Kingdom Government protested against this change in established and agreed procedure and pointed out that it might obviously have the effect of subjecting goods imported from the United Kingdom to rates of duty which were much higher than were necessary and which, moreover, would not be in accordance with Australia's obligations under the Ottawa Agreement. Discussions on this matter are still proceeding between the two Governments.

The Work of the Tariff Board

The task which has faced the Tariff Board in recent years has been exceptionally difficult and complicated. In arriving at its findings and recommendations, the Board has had to take cognizance of tremendous industrial development in Australia and of a policy, advocated and adhered to by all parties, of fostering the continued expansion of Australian secondary industry. Against this it has had to balance the knowledge that not every industry created during the war or established since can expect to survive and that the final test in such matters is not the narrow interest of the industry itself, but the broader consideration of the benefit which its continued existence may confer on the community. Simultaneously, the Board has had to bear in mind Australia's international commitments and particularly her obligations under Article 10 of the Ottawa Agreement. All these problems have had to be investigated and weighed at a time of industrial reconversion and readjustment, when manufacturing and trading conditions have been unstable and when supplies, prices, wages, hours of labour and many other important factors have been subject to repeated and often unpredictable variations. The success achieved by the Board in face of these difficulties and the authority which its judgments and recommendations continue to command are evidence of the value and thoroughness of its work as an integral part of Australia's tariff-making and tariff-revising machinery.

Competitive Power of Australian Industry

In its annual reports during the post-war years the Tariff Board has devoted considerable attention to competitive costs and selling prices of Australian products and to the general level of efficiency in Australian industry. From its findings it has drawn certain conclusions as to the competitive power of Australian industry in relation to that of industry in the United Kingdom. Comparisons with industries in other countries have, in general, been both unnecessary and impracticable; for dollar shortage has resulted in drastic limitation of competition from the United States and Canada and it is only very recently that supplies from Europe have begun to appear on the Australian market in any appreciable quantity.

As early as 1946 the Board reached the provisional conclusion that "general cost levels in the United Kingdom and Australia show much less disparity than before the war". Although it qualified this finding by pointing out that its inquiries had covered only a small fraction of the total field of industry and that cost levels in all countries were highly unstable, its verdict was confirmed by the investigations which it made in subsequent years. In its report for the year ending 30th June, 1947, the Board found that "the competitive position of Australian industry appears to be . . . much stronger than before the war. . . . During the year under review the production cost levels in Australia, the United Kingdom, United States and Canada have continued to rise. If anything, however, the changes have increased, rather than diminished, Australia's competitive advantage".

On the question of the general efficiency of Australian industry, the Board, in 1947, made the following observations as a result of inspections which it had carried out of a number of Australian factories :

"The general impression left by these inspections was encouraging. Managements, with few exceptions, seemed to be alive to the advantages of modern methods of production control. A great deal of construction is proceeding, and much attention is being given to improving operations and conditions, and also to securing and maintaining good relations with working staffs. All were working with depleted

staffs, and under the handicap of shortages of materials and facilities, but the general outlook among managers was distinctly optimistic. In a few, but only a few, of the factories visited were conditions obviously unsatisfactory."

A year later the Board found that although wage changes (occasioned to some extent by the introduction of the 40-hour week on the 1st January, 1948) had tended somewhat to prejudice the position of Australian manufacturers relative to that of United Kingdom firms, these tendencies had been "considerably outweighed" by disparities in the raw materials index, which, between October, 1947, and May, 1948, had risen by only 10 points in Australia, compared with 51 points in the United Kingdom. The Board expressed the opinion that "on the whole the position of Australian industry in competition with the United Kingdom seems to have improved" in the period named. Although the selling prices of certain United Kingdom goods, which appeared on the Australian market in 1948 for the first time since the war, were less than those of comparable Australian products the Board found confirmation in some instances of "the indication of earlier years . . . (that) efficient Australian industries in general now need much less protection than before the war". Nevertheless the Board emphasized the necessity for "examining each individual case before making changes in the tariff. Blanket revision of the tariff would be extremely dangerous".

In its latest report (June, 1949) the Board finds that during the year under review material and labour costs* have increased more steeply in Australia than elsewhere (though Australian steel is still among the cheapest in the world), and that therefore "the competitive position of Australian industry seems to have deteriorated". It thinks, moreover, that

"There is . . . a prospect that Australian manufacturers may have to face in the near future, falling prices in imported commodities† that compete with their production. If at the same time Australian production costs should continue to rise . . . a very difficult situation could develop. Evidence" (previously quoted) "that the rapidity of increase in the earnings of Australian factory employees may be abating is therefore welcome and Australian manufacturers may also in the future gain some assistance from falling prices of basic raw materials."

The Board does not suggest that the recent deterioration in the competitive ability of Australian industry necessarily means a complete reversal of its previous view that the level of protection is in many instances higher than is justified. Indeed, when considering in the same report the question of what should be held to constitute "commercial manufacture" the Board specifically states that "the rates provided in many substantive items were adopted many years ago when the Australian manufacturers' competitive position was not as good as it is at present and the use of those rates as a yard-stick for measuring economic and efficient production may not now always be wise".

Requests for Protection of Australian Industry

In its 1946 report the Board quoted with approval the following statement in the Government's paper on Full Employment:

"... the grant of protection by the Government to producers is a privilege which carries with it the responsibility for maintaining the highest possible level of efficiency. Protection must not be protection of excessive costs, inefficient methods and obsolete equipment, nor should it encourage the practice of relying on rings, cartels, tariffs and a guaranteed home market rather than on efficient production."

*Appendices IX and X show comparative changes in these costs in the period 1939 to 1949.

†It should be remembered that this chapter was written before devaluation took place in September, 1949.

There is abundant evidence in its findings and recommendations that the Board has acted in the spirit of this pronouncement. It has continually reminded Australian manufacturers that their stronger competitive position involves recognition by them of the fact that some firms may now be able to carry on with protection at a lower level than formerly, or may, in some instances, be able to dispense with protection altogether. It has recommended reduced, or quite moderate, duties in a number of cases and has not hesitated to refuse protection in some instances in which manufacture in Australia on a profitable basis would be feasible only at a disproportionate cost to the community. Evidence of the Board's general attitude may be found in a number of recent reports, e.g. those on thioglycollic acid, pyrethrum extract, spark-plugs, 35 mm. film cinematographs, circuit breakers, metal working chucks, lighter flints, cooking-stoves of the heat storage type and spectacle lenses, frames and cases.

The Board has further recognised that the existence in Australia of a state of full employment makes it specially necessary to examine carefully and critically proposals for the protection of new or undeveloped industries, particularly if the goods proposed to be produced are of an unessential type. This argument was expressed as follows by Mr. S. F. Ferguson (representing the Australian Association of British Manufacturers) at the inquiry into duties on gloves :

"So long as conditions of 'full employment' continue the question arises as to whether it is in the national interest to increase the field of protected production in any circumstances at all. With full employment, the establishment or expansion of a new industry cannot increase aggregate production. All, or practically all, people who want to work are already employed and employees for the new industry must be drawn from industries already established. Expansion of production in one direction would thus cause contraction in another." . . .

"Under conditions of full employment, it becomes necessary to decide whether expansion of industry in one direction is justified in view of the corresponding contractions which must take place in other directions. It is considered that this decision should be made by natural selection. If the demand for the products of the new industry is sufficiently urgent, or its cost advantages over imports sufficiently great, it will be able to make its offers to labour sufficiently attractive to divert labour from other industries. This method would be preferable to selection by some authority and subsequent encouragement by tariff protection."

In its findings the Board made the following observations :

"The general weight of this argument cannot be denied. The Tariff Board endeavours to balance resulting benefits to the community against the costs involved in protecting Australian industries ; obviously, the benefits of new industries to the community are less when labour is scarce than when there is much unemployment in the country."

While unable in this case to accept Mr. Ferguson's argument as a justification for withholding protection completely, the Board admitted that "Mr. Ferguson's contention . . . supplies one good reason why the 'forced development' of the dress glove industry, such as would result from the imposition of the duty rates or of other restrictions of imports requested, as against the more natural development which might be expected under the duties recommended, should not be encouraged".

This argument has been employed in other instances and it is clearly one to which the Board attaches considerable weight.

In this connection a recent comment by Mr. Colin Clark, Director of the Queensland Bureau of Industry, is apposite. He writes :

"The slow and disappointing rate of improvement of industrial efficiency in Australia is a problem of long-standing, accentuated but certainly not caused by conditions of the present day.

"The real cause is to be found in our passion for establishment of uneconomic industries, an error for which nearly all sections of Australian society are equally responsible.

"It was great fun starting them. Now we are being presented with a bill for a 50 year debauch in the form of low real wages and a rising cost of living. . . .

"The failure of productivity to rise since the war is largely due to the industrial boom which has swept through Australia under the shelter of shortage of goods from overseas and high prices for what has been imported.

"There has been no need to watch costs too closely, and mushroom industries have grown up. They become vested interests clamouring for more protection as soon as the pressure comes on."

Article 10

Article 10 of the Ottawa Agreement states that the Australian "tariff shall be based on the principle that protective duties shall not exceed such a level as will give United Kingdom producers full opportunity of reasonable competition on the basis of the relative cost of economical and efficient production, provided that in the application of such principle special consideration may be given to the case of industries not fully established".

The Tariff Board's interpretation of this Article was restated in its report for the year ending June, 1948, in the following words:

"Duties should . . . be fixed in accordance with the practice that the Tariff Board has followed for many years, viz. to provide—

- (a) an element to equalise the effects of higher prices for materials and higher wages per hour in Australia than in the competing country, together with any other cost elements in which Australian manufacturers are at a disadvantage; plus
- (b) a "protective margin" no larger than is sufficient to secure an adequate share of the Australian market to efficient and economical manufacturers."

This interpretation "was never accepted by the United Kingdom authorities who considered that the Article imposed on the Commonwealth Government the responsibility to place Australian and United Kingdom manufacturers on an equal footing as regards competition in the Australian market. However, the Board's interpretation has, with the concurrence of the Commonwealth Government, been applied in reviewing rates of duty". (Tariff Board Report on Internal Combustion Engines dated 24th December, 1947.)

The effect of Article 10, as interpreted by the Board, arises in most of the inquiries undertaken and of all the questions which confront the Board it is, perhaps, the most difficult to answer. Whenever the Article is applicable it is necessary for the Board to determine:

- (i) how Australian costs of production compare with those of United Kingdom manufacturers;
- (ii) whether Australian production is "economical and efficient";
- (iii) whether the Australian industry is "fully established" and if not, what degree of "special consideration" should be given to it on that account;
- (iv) what degree of additional protection will give Australian industry a margin "sufficient to secure an adequate share of the Australian market to efficient and economical manufacturers" but "no larger than" is necessary for that purpose.

These questions obviously provide scope for considerable difference of opinion and it is not surprising that dissent from the views of the Board has not seldom been registered by one or more members.

The second, third and fourth points above are matters which have to be investigated and determined entirely in Australia. The first point, however, requires the co-operation of United Kingdom manufacturers and it is greatly to the advantage of United Kingdom interests that this co-operation should be freely and willingly given. The Australian Association of British Manufacturers (whose representative acts for United Kingdom industry at most Tariff Board inquiries) has prepared schedules showing the type of production cost data required by the Board and it is most important that firms and trade associations who wish to seek a reduction in duty or to oppose a claim for an increase should comply fully and promptly with requests made by the Australian Association of British Manufacturers for the supply of this information. The compilation of such data is admittedly often a tiresome and laborious task and one which United Kingdom manufacturing firms, working under conditions of great pressure and strain and handicapped as they often are by a grave shortage of efficient clerical help, would give much to be spared. It must, however, be realised that neglect to provide this information is bound seriously to prejudice their case and may lead the Board, in default of contrary evidence, to arrive at conclusions far more adverse to United Kingdom interests than the facts really warrant or even to declare United Kingdom rights under Article 10 forfeit because the Board has no means of ascertaining what rate would conform with that Article. Even the most skilful and experienced advocate of the United Kingdom case cannot effectively plead his cause unless he is in a position to produce to the Board the concrete evidence which it needs for comparison with the similar data required to be furnished by Australian firms.

It is possible that some United Kingdom firms or trade associations may be reluctant to provide cost data because they fear that such information may be made available to their competitors. For the benefit of any such doubting and hesitant witnesses it should be known that their fears are groundless. All information of this character is conveyed to the Board in strict confidence and is regarded by it as being solely for its own information and guidance ; every precaution is taken to see that it is not imparted to any person outside the membership or service of the Board.

The Board's findings under Article 10 are naturally not always completely satisfactory to United Kingdom interests. It may sometimes appear that the Board arrives at an excessively generous estimate of the amount of marginal advantage to which, according to its interpretation, an Australian industry is entitled. Nevertheless, it remains true that Article 10 is the most effective and important guarantee of reasonable conditions of entry for their goods into the Australian market which United Kingdom exporters possess and it would be short-sighted folly on their part to refuse to provide the data needed to enable the Article to be implemented.

Requests by United Kingdom firms for Tariff Board inquiries

It is very desirable that the functions and methods of operation of the Tariff Board should be widely known in the United Kingdom and that in appropriate circumstances firms should take advantage of the United Kingdom's right to ask

for an inquiry by the Board. Exporters who have reason to think that import duties on their goods are so high as to make it impossible or unreasonably difficult for them to compete in the Australian market should first of all discuss the situation with officials of the Board of Trade in London. If the Board is satisfied that a *prima facie* case exists, a request for a Tariff Board hearing will then be submitted to the Australian authorities through the Senior Trade Commissioner.

As has been made clear above, the Tariff Board fully realises that the tremendous advance made by Australian industry in recent years has inevitably had the effect of leaving some manufacturers in the enjoyment of a higher level of protection than they now need—a level which gives them exceptional privilege at the expense of the community and to the detriment of the legitimate interests of United Kingdom producers. Consumer interests in Australia could, no doubt, take steps to bring about a correction of this maladjustment, but such interests are notoriously poorly organised and are unlikely to take any effective steps in the matter. Positive action by interested United Kingdom firms is therefore desirable. If they feel that they are suffering an unwarranted disability from the continued operation of tariff rates fixed when the competitive ability of Australian industry was far less than it now is, they should seek a hearing by the Tariff Board. Provided they are prepared to furnish the Board (in confidence) with the information which it needs, they may rely on receiving a thorough and—within the limits of the Board's interpretation of Article 10—a fair and impartial adjudication of their case.

Non-compliance with Tariff Board recommendations

In accordance with the provisions of the Ottawa Agreement Tariff Board recommendations have usually been put into effect by the Commonwealth Government. Within recent years, however, there have been at least two conspicuous exceptions, viz. :

Spun Synthetic Fibre Piece-goods (Rayon)

For some years past, by virtue of a Substitute Notice issued under Section 139 of the Customs Act, synthetic fibre piece-goods regarded as resembling woollen piece-goods have been charged with the high import duties levied on the latter class of goods. In a report dated 3rd October, 1945, but not issued until towards the end of 1947, the Board recommended that the Substitute Notice be withdrawn. The Commonwealth Government decided not to carry out this recommendation and adhered to this decision in spite of protests from the United Kingdom Government that such action not only contravened Article 12 of the Ottawa Agreement, but also maintained rates of duty inconsistent with Article 10.

In August, 1948, the Minister asked the Tariff Board to undertake an inquiry into the position of the woven rayon piece-goods industry and to report what, if any, action was considered necessary in order to facilitate its development. At the hearing, detailed evidence was submitted by United Kingdom manufacturers and exporters of rayon piece-goods. At the moment of writing the Board's report has not yet been tabled. It is hoped, however, that when it appears, it will be found that the Board has in some way taken cognizance of the unfortunate situation created by the Government's refusal to act on its previous recommendation.

Fuel Injection Equipment

In September, 1946, the Minister referred to the Tariff Board the question of whether fuel injection equipment for Diesel engines should be removed from the provisions of by-law entry under Item 174Y (free under the British Preferential Tariff). The Tariff Board Report dated June, 1947, recommended that the equipment should not be removed from entry under by-law. In spite of this recommendation the by-law entry was cancelled and the equipment (with certain minor exceptions) became liable to heavy duties. This was regarded by the United Kingdom authorities as a clear breach of Article 12 of the Ottawa Agreement and a vigorous protest was lodged against the Australian Government's action. As a result, the matter was again referred to the Tariff Board in March, 1948, and the Board's report dated 1st March, 1949, recommended modified duties. This recommendation was accepted by the Australian Government and the new duties were put into operation in the 1949 Budget, to operate from the 8th September, 1949.

Primage Duty

This duty, though originally imposed for revenue purposes and intended to be removed when circumstances permitted, has, of course, the effect of conferring an additional degree of protection on Australian industry. The Tariff Board, recognizing this fact, decided in 1946 "not . . . to continue the pre-war practice of ignoring the protective effects of primage duty on protected articles". Accordingly, it now makes its duty recommendations on the assumption that primage will be eliminated.

Apart from these instances, cancellations of primage duties on other items, especially raw or semi-processed materials, have been enacted in successive budgets; that introduced in September, 1949, for example, provided for cancellations on about 400 items.

The Australian Association of British Manufacturers

The Australian Association of British Manufacturers continues to perform most valuable work on behalf of United Kingdom export trade, particularly in connection with Tariff Board hearings. The Director of the Association at Melbourne assembles and analyses the evidence from United Kingdom firms and presents the United Kingdom case at almost all inquiries in which there is a United Kingdom interest. For members of the Association this service is covered by their annual subscription, but for non-members a reasonable fee is charged, based on the amount of work involved. The headquarters of the Association are at 84 William Street, Melbourne. It has branches in all the State capitals and a London Office, at Rooms 317-319, 3 and 4 Clement's Inn, Strand, W.C.2.

V EXTERNAL TRADE

General

WITHIN THE LAST few years, largely as a result of exceptional prices and good seasons, the value of Australian exports has reached record proportions; in 1948/49 it was over four times that of 1938/39. The products of Australian primary industry, which still form the predominant part of Australian exports, have been faced with a clamant demand in world markets. As a result of high export earnings Australia has been able to build up her overseas balances and at the same time to absorb record imports.

The following table shows the increased value of Australian imports and exports (other than gold) between 1938/39 and 1948/49, together with the total balance of trade in each year.

(Million £A)

| Year | Exports | Imports | Balance |
|------------|---------|---------|---------|
| 1938/39 .. | 122 | 113 | + 9 |
| 1945/46 .. | 196 | 177 | + 19 |
| 1946/47 .. | 309 | 208 | +101 |
| 1947/48 .. | 405 | 338 | + 67 |
| 1948/49 .. | 546 | 414 | +132 |

It is estimated that in her total balance of payments ("commodity" and "invisibles") during 1948/49 Australia's receipts amounted to £A667 million and payments to £A488 million. The main item in her invisible receipts was £A135 million capital inflow, whilst the most important invisible payments were £A39 million in freight and insurance, £A20 million in government interest and a gift of £A10 million to Britain.

During 1948/49 Australia in her commodity trade (including a small quantity of non-monetary gold) had a favourable balance of about £A22 million with the United Kingdom, £A42 million with France, £A25 million with Italy, £A15 million with Belgium, and £A13 million with New Zealand; her most important unbalance was, of course, with the Dollar Area, the deficit with the United States and Canada amounting to £A13 million.

Whilst there has been a phenomenal rise in the value of Australia's overseas trade over the last ten years, it must be appreciated that this was due largely to the substantial increase in the price of the commodities involved. According to the Commonwealth Statistician's export price index, taking the average of the three years ended 1939 as 100, the export price index for all groups in March, 1949, reached 378.5. Against this, the Commonwealth Bank's import price index (1936/37 to 1938/39=100) stood at 281.1 in the first quarter of 1949. Thus the terms of trade have become increasingly favourable to Australia. Allowing for the movement in import and export prices over the last decade, it has been very approximately estimated that the volume of merchandise exports from Australia in 1948/49 was between 100 and 110 per cent of the pre-war figure, whilst imports were assessed about 15 per cent higher in volume than before the war.

In spite of the recent large growth of manufacturing industries and the diversification and increasing self-sufficiency of the Australian economy, external trade is still of pre-eminent importance. This is evidenced by the fact that with a national income of £A1,955 million in 1948/49 the value of exports amounted to £A547 million. High export earnings have in themselves had the marked

effect of inflating incomes within Australia, and a substantial fall in the level of export earnings would undoubtedly have a very considerable influence on Australia's economy. Trends in the future terms of trade are thus of vital importance to Australia. In the earlier part of 1948 there was a noticeable fall in the prices of some of Australia's main exports, whilst import prices so far have maintained their level. Though devaluation may ultimately help to resist the trend of falling export prices (and the evidence so far available after devaluation would substantiate this) it is not unlikely that Australia's balance of trade in 1949/50 will be less favourable than that of 1948/49.

Trade with the Dollar Area

The most intractable of Australia's trade problems to-day is that of the unbalance in her dollar trade. Australia's supply of dollars, as a member of the Sterling Area, is provided from the earnings of her exports to Dollar Areas and her drawings on the Sterling Area dollar pool. In 1947/48 the Commonwealth Treasurer estimated the total dollar deficit at about £A73 million. This was made up of an adverse commodity balance (including bullion and specie) of £A42 million (on an f.o.b. basis) and an adverse balance of invisibles of about £A31 million (it excludes £A10 million United States capital investment, £A10 million gold production and £A2.8 million gold contribution to the International Monetary Fund). In 1948/49, following a substantial pruning of dollar imports, Australia's commodity dollar unbalance (including bullion and specie) amounted to £A12.5 million, whilst her unbalance of "invisibles" was £A25.5 million, giving a total dollar unbalance of about £A38 million. Australia's deficit on trade with U.S.A. in 1947/48 was £A31.752 million, and with Canada £A10.332 million. In 1948/49 her deficit with the U.S.A. was over £A9.2 million (71 per cent less than in the preceding year) and with Canada nearly £A3.3 million (68 per cent less than in 1947/48). Since the early thirties Australia has shown a favourable (though small) balance in her trade with the Dollar Area in one year only (1936/37). In the remaining years there has been a sizable deficit. In 1948/49 the dollar trade deficit was back to about the pre-war level.

It is as yet, still premature to predict with any accuracy the effect that the devaluation of the £A will have on Australia's dollar trade position. Her dollar earning capacity is at the moment focussed mainly in her wool export trade, and whilst increased American buying may be expected as a result of devaluation, it is rather doubtful whether American wool purchases will increase by more than the fall in the dollar value of the £A. Thus a good deal will depend on whether Australian imports from the Dollar Area in 1949/50 are further cut; unless dollar imports into Australia are reduced substantially below the 1948/49 level the probability is that Australia's dollar trade unbalance will be higher in 1949/50 than it was last year.

Speaking in Canberra in September, 1949, the Australian Prime Minister announced that the decision to devalue the £A in relation to the dollar to the same extent as sterling was made mainly on the grounds that, had the £A appreciated against sterling and other currencies, Australian exporters would have been at a considerable disadvantage in their main markets. In addition Australian manufacturers would doubtless have been undersold by cheaper imports coming into Australia. Commenting on the effect of sterling devaluation Mr. Chifley said: "I would emphasize that devaluation in itself does not provide any automatic solution to the dollar difficulties of the United Kingdom and the Sterling Area. It does provide an opportunity and incentive for Sterling Area exports to the Dollar Area."

Exports

In 1948/49 total exports (including bullion and specie) from Australia were valued at over £A547 million, about four times the value of 1938/39 exports. Over 42 per cent of Australia's exports went to the United Kingdom, 8.5 per cent to France, 5.9 per cent to the United States, 5.3 per cent to Italy, 4.7 per cent to India and 3.6 per cent to Belgium. During the last ten years there has been an appreciable change in the distribution of Australia's exports. Both the United Kingdom and the U.S.A. are now taking a lower proportion of total Australian exports than they did before the war, whilst France, Italy and Russia have increased relatively in importance. The value of purchases by the United Kingdom and U.S.A. in 1948/49, however, was about three times that of pre-war days.

The following table shows the value of exports to Australia's main markets in 1938/39, 1947/48 and 1948/49, together with the percentage each country took of total exports :

Exports of Australia showing countries of destination
(including bullion and specie)

| Destination | 1938/39 | | 1947/48 | | 1948/49 | |
|----------------------------|---------|-----------------------------|---------|-----------------------------|---------|-----------------------------|
| | f.o.b. | | f.o.b. | | f.o.b. | |
| | £A'000 | Percentage of total exports | £A'000 | Percentage of total exports | £A'000 | Percentage of total exports |
| United Kingdom .. | 68,716 | 48.9 | 155,933 | 38.0 | 231,688 | 42.3 |
| India .. | 1,965 | 1.4 | 26,689 | 6.5 | 25,884 | 4.7 |
| New Zealand .. | 6,682 | 4.8 | 15,260 | 3.7 | 17,394 | 3.2 |
| Canada .. | 1,994 | 1.4 | 5,009 | 1.2 | 8,655 | 1.6 |
| Ceylon .. | 1,327 | 0.9 | 10,213 | 2.5 | 9,342 | 1.7 |
| Malaya .. | 1,911 | 1.4 | 7,785 | 1.9 | 6,307 | 1.2 |
| South Africa .. | 813 | 0.6 | 2,772 | 0.7 | 5,143 | 0.9 |
| Hong Kong .. | 475 | 0.3 | 6,365 | 1.6 | 3,932 | 0.7 |
| Other British Countries .. | 3,223 | 2.3 | 32,795 | 8.0 | 31,059 | 5.7 |
| Total British Countries .. | 87,106 | 62.0 | 262,821 | 64.1 | 339,404 | 62.0 |
| United States .. | 19,562 | 13.9 | 35,074 | 8.5 | 32,326 | 5.9 |
| France .. | 9,386 | 6.7 | 36,483 | 8.9 | 46,561 | 8.5 |
| Italy .. | 1,211 | 0.9 | 11,860 | 2.9 | 29,096 | 5.3 |
| Belgium .. | 5,547 | 4.0 | 19,261 | 4.7 | 19,994 | 3.7 |
| U.S.S.R. .. | — | — | 2,858 | 0.7 | 12,360 | 2.3 |
| Egypt .. | 601 | 0.4 | 5,852 | 1.4 | 8,882 | 1.6 |
| Japan .. | 4,865 | 3.5 | 2,506 | 0.6 | 7,403 | 1.4 |
| Sweden .. | 637 | 0.4 | 3,037 | 0.7 | 4,563 | 0.8 |
| Netherlands .. | 1,039 | 0.7 | 3,373 | 0.8 | 4,545 | 0.8 |
| Germany .. | 2,652 | 1.9 | 4,021 | 1.0 | 4,245 | 0.8 |
| China .. | 3,023 | 2.2 | 2,757 | 0.7 | 1,431 | 0.3 |
| Switzerland .. | 179 | 0.1 | 1,662 | 0.4 | 1,303 | 0.2 |
| Indonesia .. | 1,380 | 1.0 | 132 | 0.0 | 1,285 | 0.2 |
| Other Foreign Countries .. | 3,308 | 2.4 | 18,257 | 4.5 | 31,446 | 5.8 |
| Total Foreign Countries .. | 53,390 | 38.0 | 147,133 | 35.9 | 205,440 | 37.6 |
| Foreign Orders .. | — | — | — | — | 2,323 | 0.4 |
| Total All Countries | 140,496 | 100.0 | 409,954 | 100.0 | 547,167 | 100.0 |

Although there has been a fall since 1938/39 in the percentage of exports sent to the United Kingdom, that country in 1948/49 took 34 per cent of Australian greasy wool exports, 35 per cent of scoured and washed wool, 75 per cent of beef exports, 90 per cent of mutton and lamb exports, 44 per cent of wheat exports, 29 per cent of flour exports and 87 per cent of butter exports. Exports to U.S.A. (mainly wool, sheepskins, metals and rabbit skins) have also declined. The Canadian market has increased very slightly in relative importance since before the war.

Australian exports to France now represent a somewhat higher percentage of the total than in 1938/39. Wool was the main commodity exported and France last year took 18 per cent of Australian greasy wool exports and 16 per cent of scoured and washed wool exports. Exports to Italy have also shown a large increase and are over twenty times the pre-war value. Last year Italy took about 10 per cent of Australian wool exports.

Exports to India have shown a very considerable expansion; her main purchases are of wheat and flour, followed by butter, wool and metals. In 1948/49 India was the second largest buyer of Australian wheat. Belgium also has increased her purchases from Australia, although proportionately she is still only taking about the pre-war volume of exports. In 1948/49 she took over 7 per cent of total Australian greasy wool exports.

Although exports to New Zealand have increased in value from nearly £A7 million in pre-war days to over £A17 million in 1948/49, the percentage taken by that country has fallen from 4.8 to 3.2. In recent years Russia has become very interested in Australia as a wool buyer, and in 1948/49 Australian exports to Russia were valued at nearly £A12.5 million (2.3 per cent of total exports) compared with a very small pre-war trade. Last year Russia was Australia's sixth largest wool customer.

Exports from Australia to Ceylon have shown a remarkable increase in recent years. In 1948/49 Ceylon purchased about 22 per cent of total Australian exports of flour, in addition to butter, beef, mutton and lamb. Exports to Malaya have also increased and in 1948/49 consisted largely of exports of flour (11 per cent of total flour exports).

Last year exports to Egypt also rose substantially, from £A5.8 million in 1947/48 to £A8.9 million; this was largely as a result of big shipments of wheat (about 6.2 million bushels).

Exports to Germany and Japan have as yet not reached pre-war proportions, although in both cases present-day values are gradually approaching those of pre-war years. Before the war both countries were not unimportant markets for Australian produce. In 1938/39 Germany took 1.9 per cent of total Australian exports and Japan 3.5 per cent; in 1948/49 the percentages were .8 and 1.4 respectively. Japan is now taking increased quantities of wool; in pre-war days she was Australia's second best wool market. There is little doubt that if the restrictions on the export of Australian wool to Japan were relaxed there would be a sizable increase in the value of exports.

Largely as a result of unsettled conditions exports to China declined from over £A3 million in 1938/39 to nearly £A1.5 million in 1948/49; however, in the same period exports to Hong Kong increased from less than £A.5 million to nearly £A4 million.

As already indicated a very large part of the increased value of exports was due to a considerable rise in export prices, which, in the main reflect the world

scarcity and need for Australia's exports. The Commonwealth Statistician's export price index for all groups (Appendix XI) has shown a continuous and rapid rise since the end of the war. Taking the three years ended June, 1939, as 100, the peak at 378.5 was reached in March, 1949; during the latter month the index for wool stood at 411.1. The peak for wheat was attained in June, 1948, at 471.2; for metals in February, 1949, at 551.3. However, between March, 1949, and July, 1949, the all groups index (excluding gold) fell from 378.5 to 319.3, following a marked fall in wool, wheat and non-ferrous metal prices. Since July there has been a further upswing in the all groups index (excluding gold) which stood at 369.5 in November, 1949, compared with 352.9 a year previously.

The principal commodities exported during 1947/48 and 1948/49 were as follows:

Exports (values f.o.b.)
(Years ended 30th June)

| Commodity | Unit of Quantity | 1947/48 | | 1948/49 | |
|--|------------------|----------|------------|----------|------------|
| | | Quantity | Million £A | Quantity | Million £A |
| All commodities* | — | — | 405.0 | — | 545.6 |
| Butter | mill. lbs. | 185 | 20.6 | 184 | 23.8 |
| Meats preserved by cold process : | | | | | |
| Beef | " | 237 | 6.2 | 192 | 5.8 |
| Mutton and lamb | " | 122 | 4.2 | 115 | 4.2 |
| Meats preserved in tins . . | " | 95 | 5.9 | 133 | 8.4 |
| Wheat | mill. bush. | 60 | 52.8 | 83 | 66.8 |
| Flour | mill. lbs. | 1,569 | 31.8 | 1,706 | 35.1 |
| Sugar | '000 tons | 100 | 3.2 | 415 | 13.3 |
| Hides and skins | — | — | 12.7 | — | 12.2 |
| Wool, greasy | mill. lbs. | 774 | 118.6 | 982 | 195.8 |
| Wool, scoured and washed tops, noils and waste . . | " | 164 | 30.1 | 157 | 35.9 |
| Lead, pig, bullion, etc. . . | '000 tons | 138 | 13.8 | 162 | 22.1 |

*Excluding bullion and specie.

A more detailed statement of Australian exports is shown in Appendix XVII.

Wool and foodstuffs have more than maintained their predominant position in Australia's export trade. In 1948/49 the value of exports of wool and foodstuffs represented 84.4 per cent of the value of total exports; minerals and base metals (except gold, silver and bronze specie) 6.4 per cent and manufactured goods 5.4 per cent. In 1938/39 wool and foodstuffs accounted for 6.8 per cent of total exports. A more detailed review of the exports of individual primary commodities is contained in Chapter III.

Appendix XI brings out clearly the appreciable downswing in the export prices of many commodities between March and July, 1949—a trend which appears to have been checked, to some extent at least, by the effects of devaluation. In addition the introduction of a number of long-term contracts in the marketing of Australian primary products will help to stabilise some export prices. However, one estimate made before devaluation by the Australian Bureau of Agricultural Economics forecast that in 1949/50 Australian export income might fall to as low as £A426 million (about 22 per cent below that of 1948/49). A substantial fall (about 20 per cent) was expected in wool prices; stronger American bidding as a result of devaluation may now have some counteracting effect. Furthermore,

wheat prices were expected to show an appreciable drop; but as under the International Wheat Agreement, the price range of wheat exported was fixed in terms of the Canadian dollar, the relative appreciation of the latter in relation to the £A may well serve to boost wheat prices. The Bureau forecast that values of dairy products and sugar would be more than maintained in 1949/50.

One of the most noticeable features of recent years has been the relative increase in the importance of the Australian market for wool. Australia is now taking over 20 per cent of the wool clip compared with under 10 per cent in pre-war days; as outlined in Chapter III there has, of course, been, during this period, a large expansion in the Australian textile industry.

Wheat and flour rank next to wool as export commodities. In 1948/49 wheat exports amounted to 12.2 per cent of total exports from Australia, compared with 6.2 per cent in 1938/39 and 13.3 per cent in 1937/38; 43.5 per cent of the wheat produced in Australia was exported in 1948/49, compared with 40.6 per cent in 1938/39 and 50.5 per cent in 1937/38. The quantity of wheat exported in 1948/49 was nearly 83 million bushels compared with over 63 million bushels in 1938/39 and 94.5 million bushels in 1937/38. Exports of flour at about 1,706 million lbs. in 1948/49 compared with exports of 1,450 million lbs. in 1938/39, and formed 6.4 per cent of the value of total exports from Australia. The United Kingdom, Ceylon, India, Malaya and Egypt were the best markets.

The volume of butter exports has fallen compared with that of pre-war days (from 229.5 million lbs. in 1938/39 to 183.5 million lbs. in 1948/49; in value, butter exports in 1948/49 (nearly £A24 million, nearly 90 per cent to the United Kingdom) represented 4.4 per cent of the value of total Australian exports. The quantity of beef and veal exports in recent years has also been well below that of pre-war days, although values are substantially up. However, the value of exports of these commodities in 1948/49 formed only 1.1 per cent of total exports compared with 3.1 per cent in 1938/39. Over 80 per cent of these exports were taken by the United Kingdom. Exports of mutton and lamb are well below the pre-war volume; in 1948/49 they formed only .8 per cent of the value of total exports compared with 3.4 per cent in 1938/39. Ninety-seven per cent of 1948/49 exports of mutton and lamb were destined for the United Kingdom.

The quantity of sugar exported is now almost back to the pre-war volume; the value is about 2.4 per cent of total exports. Best markets for sugar exports are now Malaya, New Zealand and the United Kingdom. Both wine and dried fruit exports have declined relatively in importance. In 1948/49 exports of wines valued at about £A1 million (roughly the 1938/39 value) represented only .2 per cent of the total value of exports compared with .7 per cent in 1938/39. Exports of dried fruits in 1948/49 amounted to over £A3 million, an increase over 1938/39 values, but their proportion of total exports declined from 1.9 per cent in 1938/39 to .6 per cent in 1948/49.

The export of rabbit and hare skins is of growing importance, mainly because they are useful dollar earners. Most of these exports are taken by the United States and Canada, followed by the United Kingdom. In 1948/49 exports were valued at £A3 million, compared with about £A.5 million worth before the war. These commodities are second to wool as dollar earners.

One of the most significant changes in Australia's exports in recent years has been the increase and subsequent decrease in the exports of manufactured fibres, textiles and apparel. These grew in value from about £A.75 million before the war to over £A10.8 million in 1946/47. However, in 1947/48 they declined

to nearly £A7 million and in 1948/49 to £A3.9 million. A part of this decrease is probably explained by the increased supplies made available to the home market.

Exports in the metals, metal manufactures and machinery group have also increased very considerably in value in recent years. Immediately before the war the total export value for this group amounted to nearly £A10 million; in 1948/49 it was nearly £A39 million. Within the group during this period, exports of lead increased from about £A5 million to over £A22 million. In 1948/49 the value of exports for the whole group was 7.1 per cent of total Australian exports, about 1 per cent higher than in pre-war days.

Imports

As a result of very favourable trade balances over the last few years, the accumulation of a tremendous backlog demand consequent on the lack of supplies during the war years, and the material rise in the purchasing power of the public, Australia's imports have reached unprecedentedly high levels, being now more than three times the pre-war values. The need to make good the wartime depreciation of plant, the expansion of manufacturing industries and the launching of a number of large-scale capital development projects have greatly increased the demand for capital goods.

The following table shows the chief sources of Australian imports in the years 1938/39, 1947/48 and 1948/49, together with the percentage of total imports supplied by each country:

Imports (f.o.b.) showing countries of origin
(including bullion and specie)

| Country of Origin | 1938/39 | | 1947/48 | | 1948/49 | |
|-------------------------|---------|-------|---------|-------|---------|-------|
| | £A'000 | % | £A'000 | % | £A'000 | % |
| United Kingdom | 46,095 | 39.6 | 132,238 | 38.9 | 209,456 | 50.5 |
| Canada | 8,805 | 7.6 | 15,341 | 4.5 | 11,952 | 2.9 |
| Ceylon | 958 | 0.8 | 8,133 | 2.4 | 7,400 | 1.8 |
| India (a) | 3,272 | 2.8 | 26,698 | 7.9 | 25,831 | 6.2 |
| Malaya | 1,028 | 0.9 | 3,863 | 1.1 | 4,027 | 1.0 |
| New Zealand | 2,449 | 2.1 | 4,249 | 1.3 | 4,001 | 1.0 |
| South Africa | 290 | 0.3 | 3,232 | 1.0 | 2,709 | 0.7 |
| Other British Countries | 6,191 | 5.3 | 14,014 | 4.1 | 21,773 | 5.2 |
| Total British | 69,088 | 59.3 | 207,768 | 61.2 | 287,149 | 69.2 |
| Bahrain Islands and | | | | | | |
| Saudi Arabia | 744 | 0.6 | 5,810 | 1.7 | 4,564 | 1.1 |
| Belgium | 1,119 | 1.0 | 5,220 | 1.5 | 3,617 | 0.9 |
| China | 527 | 0.5 | 1,667 | 0.5 | 2,545 | 0.6 |
| France | 1,172 | 1.0 | 3,119 | 0.9 | 3,996 | 1.0 |
| Germany | 4,709 | 4.0 | 639 | 0.2 | 1,841 | 0.4 |
| Persia (Iran) | 955 | 0.8 | 10,989 | 3.2 | 9,658 | 2.3 |
| Italy | 781 | 0.7 | 2,710 | 0.8 | 3,797 | 0.9 |
| Japan | 4,666 | 4.0 | 1,433 | 0.4 | 1,712 | 0.4 |
| Netherlands | 799 | 0.7 | 2,595 | 0.8 | 3,874 | 0.9 |
| Indonesia | 8,117 | 7.0 | 4,419 | 1.3 | 11,048 | 2.7 |
| Sweden | 1,080 | 0.9 | 4,905 | 1.4 | 9,217 | 2.2 |
| Switzerland | 1,072 | 0.9 | 1,951 | 1.4 | 2,418 | 0.6 |
| United States | 16,700 | 14.3 | 66,826 | 19.7 | 41,548 | 10.0 |
| Other Foreign Countries | 2,296 | 2.0 | 13,095 | 3.9 | 20,136 | 4.9 |
| Total Foreign | 44,737 | 38.4 | 125,378 | 36.9 | 119,971 | 28.9 |
| Outside Packages | 2,633 | 2.3 | 6,600 | 1.9 | 8,012 | 1.9 |
| Total All Countries .. | 116,458 | 100.0 | 339,746 | 100.0 | 415,132 | 100.0 |

(a) Relates only to the Dominion of India in 1947/48 and after.

It will be seen that since the war British countries in general, and the United Kingdom in particular, have increased their share of Australia's import trade, the value of imports from British countries being now over four times that of pre-war, whilst imports from foreign countries have increased by over 160 per cent. The United Kingdom last year supplied 50.5 per cent of imports compared with 39.6 per cent in 1938/39.

In 1947/48 the United Kingdom supplied only 38.9 per cent of Australia's imports; during that year, of course, these imports were limited not so much by the size of the demand in Australia as by the availabilities of supplies from Britain.

It will also be seen that India, Ceylon, Malaya and South Africa now supply higher percentages of total imports than they did before the war. In 1947/48 65.4 per cent of the value of Australia's imports from India consisted of manufactured fibres, yarns and textiles, 12.2 per cent of foodstuffs of vegetable origin, and 12 per cent of vegetable substances and fibres. Imports from New Zealand, which were 2.1 per cent of the total in 1938/39, did not regain this proportion after the war, in fact 1948/49 saw a further relative decline; this may in part have been a consequence of the appreciation of the New Zealand £ in August, 1948.

The proportion of total imports supplied by foreign countries in 1948/49 was under 30 per cent compared with about 37 per cent in 1947/48 and 38 per cent pre-war. It will be seen that United States percentage fell from 14.3 to 10.0, Canada's from 7.6 to 2.9 and that there was a relative fall in imports from Switzerland and Belgium—all hard currency areas, imports from which were subject to licensing restrictions. Nevertheless the actual value of imports from U.S.A. is now more than two and a half times that of pre-war, and those from Canada are 36 per cent higher. In 1947/48 (latest details available) 33.2 per cent of the value of imports from U.S.A. consisted of metals, metal manufactures and machinery, 29 per cent of manufactured fabrics, textiles and apparel, 9.6 per cent oils, fats and waxes, 7.6 per cent of tobacco and tobacco preparations, 4.5 per cent of stationery and paper, and 3 per cent of vegetable substances and fibres. Of the imports from Canada 40.5 per cent were of metals, metal manufactures, and machinery, 26.2 per cent of pulp, paper and stationery, 11.3 per cent of manufactured fabrics, textiles and apparel, 10.9 per cent of wood and timber, raw and manufactured.

Imports from Indonesia have fallen significantly, partly as a result of the ban imposed for many months by the Australian Waterside Workers Federation on shipping to and from Indonesia. The increased imports from the Arabian Sea countries are principally petroleum and kerosene. Imports from Sweden, the Netherlands, Italy, China and France have also increased considerably. Imports from Germany and Japan have declined very noticeably since pre-war days; in 1948/49 imports from Germany were about 60 per cent under the pre-war value and those from Japan over 70 per cent below; within the last year they have, however, shown some recovery.

As already mentioned, imports in general have increased less in price than exports. The following table shows the movement in the Commonwealth Bank import price index over the last few years:

| | 1936/37-1938/39=100 | | | |
|---------|---------------------|----|----|-------|
| 1938/39 | .. | .. | .. | 101.4 |
| 1946/47 | .. | .. | .. | 232.3 |
| 1947/48 | .. | .. | .. | 270.7 |
| 1948/49 | .. | .. | .. | 281.8 |

| | | | | |
|-----------|----|----|----|-------|
| 1948 : | | | | |
| June | .. | .. | .. | 280.5 |
| September | .. | .. | .. | 279.5 |
| 1949 : | | | | |
| June | . | .. | . | 282.4 |

Imports from the United Kingdom

The present Australian demand for imports from the United Kingdom is affected by a number of factors. As will be seen from Chapter III, many lines of consumer goods previously imported from the United Kingdom are now manufactured in greatly increased quantities in Australia. As Australia solves her labour problems as a result of immigration, and as her problems of power and basic material deficiencies are met by the development of her large-scale power projects, it seems probable that her manufacturing capacity will be still further expanded. This is bound to alter the scope and pattern of her import trade and the United Kingdom, as Australia's principal supplier, will be directly affected, particularly in relation to many types of consumer goods.

Manufacturing developments in Australia have led to greatly increased demand for capital goods from the United Kingdom, and this is likely to continue. The progress of the textile industry, for example, has meant a large demand for textile machinery ; and, as a result of the plans for the widespread expansion of electricity generation projects within the next ten years in Australia, it seems certain that the demand for electrical plant and equipment from the United Kingdom will be even further increased. The virtual absence of competition from Germany and Japan is a factor which has further focussed the demand for imports on the United Kingdom. Before the war these countries accounted for more than 8 per cent of Australian imports. In addition the growing shortage of dollars has had a marked effect on the pattern of Australian imports ; the need to conserve dollars has gradually diverted to the soft currency area, and to Britain in particular, a very large demand that otherwise would without question have been met by imports from dollar countries. It cannot, of course, be assumed that the present scale of demand for imports will be maintained indefinitely. Future long-term Australian demand for imports from the United Kingdom will clearly be largely bound up with the future level of Australian prosperity ; which in turn depends in the main on her export income. If the present trend* of Australia's terms of trade is maintained without any compensating increase in the volume of her exports, this income will fall appreciably in the next few years. In that event Australian demand for imports from the United Kingdom would ultimately be reduced, although the comfortable balances now held by Australia in London would probably cushion the effect for some time.

During 1947/48 39.9 per cent of the value of Australian imports from the United Kingdom consisted of metals, metal manufactures and machinery, 33.4 per cent of manufactured fibres, textiles and apparel ; 6.1 per cent of stationery, paper and pulp, 3.7 per cent of earthenware, cement, china and glass. In 1948/49 imports of metals, metal manufactures and machinery had further increased in importance and represented 44.1 per cent of total imports from the United Kingdom ; imports of manufactured fibres, textiles and apparel were 33.8 per cent. Imports of stationery, paper and pulp fell to 3.9 per cent of imports from

*Written before devaluation.

the United Kingdom, and those of earthenware, cement, china and glass to 2.9 per cent.

In both 1948 and 1949 Australia was the largest market for United Kingdom exports, taking merchandise to the value of £145 million and £189 million out of total exports of £1,582 million and £1,784 million respectively in the two years.

Principal Imports of Australia

The following table shows the principal commodities imported into Australia during the years ended 30th June, 1939, 1948 and 1949 :

| Commodity | 1938/39 £ million (a) | 1947/48 £A million | 1948/49 £A million |
|---|--------------------------|-----------------------|-----------------------|
| All Commodities | 102.2 | 338.1 | 414.0 |
| Tea | 2.5 | 10.2 | 8.1 |
| Tobacco | 1.9 | 7.7 | 9.2 |
| Apparel and attire | 1.9 | 6.9 | 10.5 |
| Piece-goods of : | | | |
| Cotton and linen | 4.8 | 27.0 | 31.0 |
| Silk and rayon | 2.6 | 20.2 | 17.1 |
| Wool | 0.3 | 1.3 | 4.2 |
| Carpets, linoleum, etc. | 1.7 | 7.2 | 8.7 |
| Cotton yarn | 0.4 | 4.0 | 4.1 |
| Rayon yarn | 0.5 | 4.3 | 5.2 |
| Bags and sacks | 1.5 | 12.6 | 12.5 |
| Petroleum | 5.7 | 16.6 | 21.3 |
| Kerosene | 0.7 | 3.6 | 4.1 |
| Lubricating oils (mineral) | 0.8 | 3.0 | 3.7 |
| Residual oils | 0.9 | 6.1 | 8.2 |
| Iron and steel plate and sheet | 2.6 | 6.3 | 8.5 |
| Aircraft and parts | 1.0 | 1.5 | 3.4 |
| Motor vehicles and parts | 8.1 | 22.4 | 36.7 |
| Electrical machinery, appliances, and equipment | 4.9 | 10.3 | 17.2 |
| Machines and machinery | 8.8 | 28.3 | 40.8 |
| Rubber and rubber manufactures | 1.5 | 4.9 | 6.3 |
| Timber | 2.1 | 4.2 | 7.2 |
| Earthenware, chinaware and glassware | 1.9 | 7.3 | 7.8 |
| Paper | 4.3 | 18.0 | 16.1 |
| Drugs, chemicals, etc. | 5.6 | 11.0 | 11.9 |

(a) British Currency Values (i.e. the pound sterling, except that amounts invoiced in non-sterling £—e.g. £N.Z.—were not converted).

The figures for 1938/39 are not strictly comparable with those for the later years in that they represent approximate c.i.f. values and are expressed in "British Currency Values" whereas the latter are based on an f.o.b. valuation and expressed in Australian currency, but this does not prevent a comparison of the pattern of trade in the earlier year with that existing to-day. It will be seen that, generally, there has been no substantial change in the pattern of Australia's imports (by value). Piece-goods, apparel and bags and sacks were relatively more important in 1948/49 than ten years earlier but the predominant commodities are the same, viz. : piece-goods, petroleum, motor vehicles, electrical machinery and appliances, other machines and machinery and paper. The following table shows the principal countries supplying these commodities in 1947/48 and also in 1948/49 so far as figures are available.

Imports (f.o.b.)
(£A million)

| Commodity and country of supply | 1947/48 | 1948/49 |
|---|-------------|-------------|
| Cotton and linen piece-goods | | |
| Total imports | 27.0 | 31.0 |
| U.S.A. | 10.0 | — |
| United Kingdom | 7.9 | — |
| Dominion of India | 2.1 | — |
| Belgium | 1.9 | — |
| Silk and rayon piece-goods | | |
| Total imports | 20.2 | 17.1 |
| United Kingdom | 11.6 | — |
| U.S.A. | 5.2 | — |
| Italy.. .. . | 1.1 | — |
| Petroleum | | |
| Total imports | 16.6 | 21.3 |
| Persia (Iran) | 7.2 | — |
| Bahrein Islands | 3.5 | — |
| U.S.A. | 2.2 | — |
| Borneo | 2.1 | — |
| Motor vehicles and parts | | |
| Total imports | 22.4 | 36.7 |
| United Kingdom | 13.1 | — |
| Canada | 4.3 | — |
| U.S.A. | 3.3 | — |
| Electrical machinery, appliances and equip- ment | | |
| Total imports | 10.3 | 17.2 |
| United Kingdom | 7.8 | 15.0 |
| U.S.A. | 1.8 | — |
| Machines and machinery (other than electrical) | | |
| Total imports | 28.3 | 40.8 |
| United Kingdom | 16.0 | 26.6 |
| U.S.A. | 10.1 | — |
| Paper | | |
| Total imports | 18.0 | 16.1 |
| Canada | 4.0 | — |
| Sweden | 3.8 | — |
| United Kingdom | 3.6 | 3.8 |
| U.S.A. | 2.5 | — |
| Norway | 1.6 | — |

It will be seen that, apart from petroleum, both the United Kingdom and the U.S.A. are important suppliers of all these commodities. Details showing their relative importance for each commodity in 1948/49 are not available at present, but, as seen earlier, the United Kingdom's share of total imports has increased and the U.S.A.'s declined.

A more detailed statement of Australia's imports by commodities is shown in Appendix XVI.

The United Kingdom Exporter and the Australian Market

As long as Australia is a substantial producer of food and of wool, the Australian market for United Kingdom goods must continue to be one of critical

importance to Britain. It therefore behoves United Kingdom manufacturers to spare no effort to maintain and promote their trade with the Commonwealth.

As has been already stated, Australia is to-day the United Kingdom's largest export market. Out of total imports valued at over three times the pre-war figure, the United Kingdom supplied, in 1948/49, 50 per cent (by value), compared with 40 per cent before the war. This percentage covers all classes of goods, including many of which, in the nature of things, the United Kingdom cannot be a significant supplier. In the two groups (apparel, textiles and manufactured fibres, and metals, metal manufactures and machinery), which between them account for over three-quarters of Australia's total imports, the United Kingdom had respectively 65 and 72 per cent of the trade. Moreover, in very many classes of goods the demand is far from being fully met; business is still limited by the availability of supplies rather than by the dimensions of Australia's requirements or the ability of the country to afford. In the outstandingly important item of machinery and equipment the numerous projects of expansion now in existence or in prospect are certain to keep demand at a high level for years to come.

These, perhaps, are the features which stand out in the foreground of the picture; but in the background there are objects and shadows which are equally essential parts of the whole composition. Even the most cursory examination of the foregoing sections of this report will have revealed some of these modifying factors, e.g.:

(a) The total demand for goods in Australia is abnormally high at the present time, this being made possible by the unprecedented size of her export income; but when (or soon after) this income falls her ability to afford imports must also be reduced.

(b) Competition of some important supplying countries, notably the United States, Canada and other hard currency nations, and Germany and Japan, is not at present very significant; but goods from the last-named countries are already beginning to re-appear, and any solution of the dollar problem will undoubtedly revive keen competition from the hard currency areas. This will have far reaching effects on United Kingdom business in many branches of trade—in none more than in the trade in motor vehicles.

(c) At the present time Australian secondary industry is handicapped by shortage of labour, materials and power; as a result, some goods are being imported for which, even before the war, the demand was being met mainly or entirely by Australian manufacturers. Import trade in such goods on the present level must in general be regarded as a temporary and fortuitous phenomenon, rather than a permanent form of business. Moreover the inevitable and protected expansion of Australian industry is likely, sooner or later, to render the import of some other goods unnecessary or unprofitable. To a greater extent, even than before the war, the Australian manufacturer will be the United Kingdom exporters' sternest competitor in the Australian market. Here again the United Kingdom motor vehicle exporter will find himself competing against a powerful rival.

What is the moral of all this from the stand-point of the United Kingdom exporter to Australia? Surely it is this: that he cannot remain satisfied or complacent simply because at the present time he is enjoying a very substantial trade and a large share of the market; and that even now he must study and energetically apply himself, if he hopes to maintain his sales when Australia's total purchases of imports decline and competition, both from domestic manufacturers and from overseas, becomes more severe.

It is not proposed here to attempt to formulate anything in the nature of a comprehensive plan of campaign, by the adoption of which firms may expect to consolidate or expand their business in Australia. Obviously the task involved will vary widely in different trades and for different firms within the same trade. Much useful guidance and background information may be obtained by those firms who need it from the Commercial Relations and Exports Department of the Board of Trade, from United Kingdom Trade Commissioners and from other official and non-official sources; but in the last resort the study must be made, the decisions must be taken and the problems solved by individual firms in the light of their own individual circumstances. It is sufficient here to emphasize that exporters cannot assume what trade will automatically or easily come their way; on the contrary, they would be wise to lay their plans on the assumption that business in the Australian market will in future demand the exercise by them of initiative, assiduous attention and unremitting effort in a degree far greater than was called for in pre-war days.

VI TRANSPORT AND COMMUNICATIONS

Railways

THE RAILWAY SYSTEMS of Australia are almost all controlled by the Federal and State Governments, there being only about 650 miles of privately-owned line out of a total of 27,123 miles open for traffic. The capital cost of construction and equipment of the various systems at June, 1948, was £A344,899,000 compared with £A333,993,000 at June, 1947, and £A315,860,000 at June, 1939.

The following table gives details of operation, etc., for all railways during the years 1938/39, 1946/47 and 1947/48:

| | 1938/39 | 1946/47 | 1947/48 |
|---|---------|---------|---------|
| Length of line open miles | 27,234 | 27,179 | 27,123 |
| Gross revenue £A'000 | 44,780 | 66,394 | 76,268 |
| Working expenses £A'000 | 35,958 | 60,939 | 71,211 |
| Train-miles run (a) '000 | 77,483 | 85,546 | 87,869 |
| Passenger journeys '000 | 384,841 | 503,178 | 510,682 |
| Freight carried '000 tons | 33,156 | 37,937 | 39,961 |
| Net earnings £A'000 | 8,822 | 5,455 | 5,057 |
| Percentage of net earnings on capital cost (b) Per cent | 2.79 | 1.63 | 1.47 |

(a) Excludes "Assistant" and "Light" mileages.

(b) Capital was reduced during the period 1st July, 1927, to 1st July, 1937, by approximately £A61,500,000.

Although there was an increase of business in 1947/48, working expenses also rose and there was a decline in net earnings of some £A4,000,000.

The Commonwealth Government railways consist of the Trans-Australian Railway, the Central Australia Railway, the North Australia Railway and the Australian Capital Territory Railway. In the year ended 30th June, 1948, their earnings amounted to £A1,237,044 and their working expenses to £A1,439,017, giving a deficit, excluding interest, of £A201,973. This compares with a deficit of £A124,779 in the previous year. Although earnings improved in 1947/48 by £A137,491, due largely to increased passenger and goods traffic, working expenses rose by £A214,685. The increase in expenditure was largely due to the introduction of the 40-hour week, shortage of staff and higher wages. Interest charges for the year ended 30th June, 1948, amounted to £A317,071.

According to the annual report of the Commissioner for Railways for New South Wales for the year ended 30th June, 1948, the New South Wales Government Railways showed a surplus of £A111,585, compared with a deficit of £A1,557,943 in the previous year. The total profit on operations, excluding interest on capital and including an annual contribution of £A800,000 from the State Government towards losses on working of country developmental lines, was £A6,691,195. The Commissioner regards the result for the year as distinctly

satisfactory considering the substantial deficit in the previous year's working. Up to 1947 the Railways had shown a surplus in every year since 1941. In 1947 there was a sharp rise in working expenses caused by the introduction of the 40-hour week, adjustments in the basic wage and awards, higher material costs and other miscellaneous increases. According to the Commissioner, the only possible way of rectifying the position was by increasing the charges made for railway services. With the agreement of the Government these charges were increased with effect from August, 1947, and proved successful in checking the unsatisfactory financial trend that had manifested itself.

In Victoria, railway finances are disquieting, although the year 1947/48 showed a slight improvement on 1946/47. In 1947/48 working expenses increased by £A2,327,387 to £A15,335,059. Gross revenue also increased in 1947/48 to £A16,421,056 compared with £A13,577,000 in 1946/47. Including interest charges, exchange, etc., the deficit for the year 1947/48 was £A1,074,366, compared with £A1,482,168 in 1946/47. The Commissioners point out that the slight reduction in the deficit gives no ground for complacency when regard is had to the factors responsible for the relative improvement. Disruptions of service in 1946/47 resulted in a very considerable loss of net revenue in that year, and, on the other hand, increased rates and fares were in force for nine months of 1947/48. There were also considerable additions to working expenses in 1947/48, due to wage increases and various concessions to staff under industrial awards. The Railways Commissioners point out that, in view of the financial position, they are bound to defer much necessary maintenance and replacement work which will be a heavy burden on future years. The continuing deficit was the more disquieting in 1947/48 since there was increased suburban passenger traffic, a bountiful harvest and consequent increased traffic in general commodities. In the opinion of the Commissioners, in view of the substantial increases which have occurred in wage costs, a further considerable rise in freights and fares is inevitable if a greater retrogression in railway finance is to be avoided. An expert from the United Kingdom, who recently reported on transport in Victoria at the invitation of the Victorian Government has stated that the Victorian Railways are "gradually but surely running down for lack of staff, maintenance and finance for capital works and renewals".

The report of the Railways Commissioner for South Australia for 1947/48 showed earnings of £A5,109,644 and ordinary working expenses, including pension charges, of £A5,855,602, giving a deficit on current operations of £A745,958. With the addition of interest on capital, sinking fund, and depreciation, the total deficit is increased to £A2,026,395. This represents an increase of £A414,841 on the previous year's total deficit of £A1,611,554. The financial result for the year was adversely affected by continued increases in costs of labour and materials. Total earnings increased by £A487,942, while total expenditure increased by £A906,597. This represents a deterioration of £A418,655 compared with the previous year. The Commissioner points out that additional costs of labour and materials have since 1937/38 amounted to £A2,260,000, or more than the deficit of £A2,026,000 for the year. He continues :

"In other words, if these increased costs of providing transport had been fully passed on to our customers, instead of a deficit of £A2,026,000, there would have been a profit of about £A230,000. In the basic year, 1937/38, the deficit was £A779,000, so that since that date there has been a virtual improvement of no less than £A1,000,000, of which £A308,000 has been effected during the past 12 months.

This £A1,000,000 per annum represents a counter-balance to our constantly increasing costs, due to greater efficiency of operation and increasing volume of business, but despite this, as freight rates and fares have not been increased, the deficit of over £A2,000,000 for the year under review was the greatest in the history of the South Australian Railways."

The annual report of the Commissioner for Queensland Railways for the year ended 30th June, 1948, showed gross earnings of £A11,131,924 and working expenses of £A10,339,138. There was thus a surplus on working of £A792,786, but interest on capital amounting to £A1,463,873 converted this surplus into a deficit of £A671,087 compared with a deficit of £A712,574 in the previous year. The year's workings showed a slight improvement on the previous year, and, according to the Commissioner, the improvement would have been more marked had there not been a railway strike for nine weeks, beginning in February, 1948. Increases in wages and the additional cost of the 40-hour week are estimated at approximately £A1.8 million.

In Western Australia gross revenue and working expenses both rose in 1947/48. Working expenses increased by over £A1 million, whereas gross revenue increased by only £A550,000. The year showed a deficit on net earnings of £A970,000 compared with £A378,000 in 1946/47.

In 1947/48 the Tasmanian Railways showed a deficit on operation, after providing for interest and depreciation of £A604,791, compared with £A467,196 in 1946/47. In its annual report, the Transport Commission ascribes this loss, not to inefficient operation, but to (a) neglect by previous Administrations, (b) the impact of war conditions, (c) post-war shortages of manpower and materials, (d) increased costs and the failure to pass them on.

A general survey of accounts of the Government railways since the war indicates that finances have been seriously affected by costs outside the control of the railway authorities. These increases are due in part to the introduction of the 40-hour week, to adjustments in the basic wage and awards, and to higher material costs. Only in New South Wales has the situation been rectified by sufficiently increasing the charges for railway services; elsewhere Governments appear loath for political reasons to sanction increases in fares and freights which will cover advances in costs. As a result, rail users are, in the words of one State railway authority, "obtaining benefits at the cost of the general community".

The railways regard competition from greatly increased air transport services as inevitable. They have, however, complaints to make about competition from road transport. For some years past the railways have not received sufficiently regular supplies of coal to handle the business which could have been undertaken with existing rolling-stock. Furthermore, when coal has been available in sufficient supply, shortages of rolling-stock have precluded advantage being taken of the better coal situation. Railway authorities realise that in those circumstances road operations should be authorised temporarily to supplement the curtailed railway services. They consider, however, that such authority should be withdrawn within a reasonable time after trains have been restored, and they deplore the loss of remunerative types of traffic. Only in Tasmania is there a Transport Commission, appointed by Statute in 1939, to co-ordinate all transport services within the State whether air, road, or rail.

All the railways in Australia are still suffering from the effects of the war, and are in serious need of new equipment. It is estimated that locomotives and

rolling-stock on order for the railways (much of it from overseas) amounts to £A88 million in value.

The question of the possible unification of railway gauges in Australia has been again to the fore in recent years. The disadvantages of the existing break-of-gauge became specially apparent during World War II. It was impossible to pool rolling-stock and it has been authoritatively stated that the conduct of war was definitely slowed up by delays and congestion at break-of-gauge stations. The Commonwealth Government accordingly appointed Sir Harold Clapp to report on the standardisation of Australian gauges, which he did in 1945. His report contained detailed proposals for the immediate conversion of certain railways, the indefinite postponement of other conversions, the building of connecting links and 4 ft. 8½ in. railway for strategic and developmental purposes, and the modernisation of railway equipment. The total estimated cost of these works was in 1945 £A76,751,000, and the estimated time for completing the project was 11 years from the date of commencement of the work. The plan was accepted by the Commonwealth Government, and the Commonwealth Minister for Transport was authorised to negotiate with the States for an agreed basis under which the work could be financed. An agreement was reached between the Commonwealth and the States of Victoria, South Australia and New South Wales, subject to ratification by their respective Parliaments. The Parliaments of the Commonwealth and of the States of Victoria and South Australia have ratified the agreement: the Parliament of New South Wales has, however, not yet done so.

A Royal Commission reported in 1947 that the railways in Western Australia were in a parlous condition and urgently needed rehabilitation. It has been suggested that this general rehabilitation should be combined with conversion of the gauges, and negotiations to this end are now taking place between the Commonwealth and Western Australian Governments.

Shipping

The following statement gives statistics of the tonnage of ships entered and cleared in overseas trade at Australian ports during the immediate pre-war and post-war years.

Oversea Shipping—Net Tonnage Entered and Cleared—Australia
(‘000 tons)

| Year | Entered | | | Cleared | | |
|-----------------------------|------------|------------|-------|------------|------------|-------|
| | With cargo | In ballast | Total | With cargo | In ballast | Total |
| 1938/39 .. | 5,964 | 747 | 6,711 | 5,990 | 845 | 6,835 |
| 1945/46 (a) .. | 4,596 | 667 | 5,263 | 3,976 | 1,454 | 5,430 |
| 1946/47 .. | 4,486 | 700 | 5,186 | 4,165 | 1,055 | 5,220 |
| 1947/48 .. | 4,825 | 1,252 | 6,077 | 4,686 | 1,133 | 5,819 |
| 1947/48 .. (3 months) .. | 1,170 | 136 | 1,306 | 898 | 277 | 1,175 |
| 1948/49 .. (3 months) .. | 1,433 | 356 | 1,789 | 1,379 | 390 | 1,769 |

(a) Excludes particulars of vessels exclusively engaged in the transport of troops, war equipment and supplies.

The following table gives details of cargo discharged from and shipped to overseas ports in recent years :

Oversea Tonnage of Cargo—Discharged and shipped

Note.—Cargo recorded by measurement has been converted to tons measurement on the basis of 40 cubic feet = 1 ton. The figures in the measurement columns are not equivalent to those in the weight columns but are additional.

('000 tons)

| Year | Discharged | | Shipped | |
|------------------|------------|-------------|---------|-------------|
| | Weight | Measurement | Weight | Measurement |
| Total 1938/39 .. | 4,208 | 2,191 | 5,138 | 1,093 |
| „ 1944/45 (a) .. | 4,343 | 1,797 | 3,060 | 1,811 |
| „ 1945/46 (a) .. | 4,600 | 1,649 | 2,462 | 1,470 |
| „ 1946/47 .. | 4,171 | 1,394 | 3,097 | 1,357 |
| „ 1947/48 .. | 4,987 | 1,916 | 4,491 | 1,246 |

(a) Excludes cargo from vessels exclusively engaged in the transport of troops, war equipment and supplies.

Overseas shipping has made a remarkable recovery from the effects of war. It is generally agreed that recovery has been quicker and more efficient than it was after the first World War. The year 1948 saw the return to the Australian run of many ships which had been on war service and required re-conversion. In that year, too, a number of luxury liners and fast freighters made their maiden voyages to Australian ports. Chief among the new passenger ships was the Orient liner *Orcades* of 28,000 tons, which reached Australia in January, 1949. The new *Orcades* is 4,000 tons bigger than the liner after which she was named and was at the time the largest passenger ship to be completed in any part of the world since the end of the war. The P. and O. *Himalaya* of 31,000 tons is even bigger than the *Orcades*, and arrived in Australian waters in November, 1949. The *Dominion Monarch* and four other new ships have been added to the Shaw Savill Line, the *Athenic*, *Ceramic*, *Corinthic* and *Gothic*. These four ships are of about 15,000 tons each with special facilities for handling big cargoes and accommodation for about 80 first-class passengers. Two new 13,000 ton motor-ships, *Imperial Star* and *Melbourne Star*, have joined the Blue Star Line's fleet. These ships have been built for the transport of large refrigerated cargoes. For the Port Line, the *Port Brisbane*, *Port Auckland* and *Port Vindex* have been built and are now in service. The two former vessels have 250,000 cubic feet of cargo space, carry 14 passengers, and have been constructed to an unusual design. The Port Line fleet is to include also the *Port Victor*, of 8,000 tons. The Clan Line's building programme includes a number of freighters, some of which have already appeared on the Australian run. The Ellerman Line is adding a number of new 12,000 ton vessels to its fleet, including the *City of New York*, *City of London* and *City of Johannesburg*. The Federal Line steamers built in 1948 for the Australian cargo trade include the *Hertford* and the *Cumberland*.

Cargo vessels of Sweden, Norway, The Netherlands and U.S.A. are again in keen competition with British ships, especially in the transport of wool. Swedish and Norwegian motor ships attracted special attention at several Australian ports because of their elegant appearance and unusual lines. The Swedish liner *Stratus*, with luxurious staterooms for 12 passengers, arrived in Australia from Europe

in November, 1948. The owners claimed that, with an average speed of 19 knots, she was the fastest freighter in the world.

Passenger trade between Australia and New Zealand was not resumed until December, 1948, when the liner *Wanganella* had been refitted.

The only ship now meeting trans-Pacific passenger needs is the reconditioned *Aorangi* belonging to the Union Steamship Company. Before the war this service was carried on by two British and two American vessels. The main reason for the reduction in the number of vessels is probably the "dollar famine" which is restricting passenger and cargo traffic between Australia and North America. Increased air competition is another reason given.

The Department of Immigration recently stated that 20.57 per cent of the tonnage of British passenger-carrying ships on the United Kingdom shipping register is now engaged on the Australian run; these ships are largely devoted to carrying emigrants from the United Kingdom. Indeed, eight United Kingdom ships are now used exclusively for this purpose; they are *Asturias*, *Chitral*, *Ormonde*, *Ranchi*, *Empire Brent*, *Georgic*, *Dorsetshire* and *Somersetshire*. Ships under charter to the International Refugee Organization are also engaged in transporting some 20,000 immigrants into Australia from the European continent.

Inter-state passenger traffic by sea is still handicapped by lack of shipping. Three vessels, the *Manunda* (Adelaide Steamship Company), the *Ormiston* (A.U.S.N.), and the *Taroona* (Union Steamship and Huddart Parker) have borne the main burden of inter-state travel. Four other vessels which were engaged in the coastal passenger traffic before the war are either being refitted or are still on Government service. Provision for inter-state cargo traffic is, on the whole, adequate for requirements.

The slow turn-round of ships on the Australian coast, particularly at Sydney and Melbourne, has been criticised by overseas shipowners. Delays in Australian ports, coupled with the much higher cost of new ships, are said to be seriously increasing shipowners' expenses. Various reasons are put forward in explanation of the slow turn-round of ships; for instance, shipowners say that the man output of waterside workers has decreased by 40 per cent, while the Waterside Workers' Federation claims that ships are now taking extra cargo. It has been stated in the case of the P. and O. Line that ships now spend 61 per cent of their time in port, as compared with 39 per cent before the war. Industrial disputes on the Sydney and Melbourne waterfronts have been frequent. Conditions of labour on the waterfront have been governed by awards made by the Stevedoring Industry Commission. This body was set up in 1942 to control and regulate waterside work and stevedoring operations. The Commission was, however, abolished in June, 1949, and will be replaced by the Stevedoring Industry Board. The Board will be an administrative body only, and labour disputes on the waterfront in future will be a matter for the Arbitration Court.

Higher inter-state shipping freights and fares were announced by the Australasian Steamship Owners' Federation in November, 1948. The rises were said to be due to higher wages, increases in the basic wage, the 40-hour week, higher cost of materials and slower turn-round of ships. An increase of 10s. per ton on general cargo brought the rate between Melbourne and Sydney to 67s. per ton, and between Melbourne and Fremantle to 81s. 6d. per ton. Passenger fares were also increased by 10 per cent. Freights were further increased in June, 1949, by 15s. a ton on general cargo.

Shipbuilding and the Shipping Act of 1949 are dealt with in the review of manufacturing industries in Chapter III.

Road Transport

According to the Commonwealth Statistician, the number of motor vehicles registered in Australia at 31st December, 1948, was 1,173,643. This figure includes 628,928 motor-cars, 435,847 commercial vehicles and 108,868 motor-cycles. It compares with a total of 882,699 motor vehicles at 31st December, 1938.

The following table, compiled by the Society of Motor Manufacturers and Traders Limited, gives a summary of the annual registrations of motor-cars and commercial vehicles over the past ten years, and also shows the number of vehicles of United Kingdom manufacture included in the total :

| Year | Motor-cars | | | Commercial vehicles | | |
|------|------------|---------------------|------------------------------|---------------------|---------------------|------------------------------|
| | Total | From United Kingdom | Per cent from United Kingdom | Total | From United Kingdom | Per cent from United Kingdom |
| 1938 | 58,201 | 24,132 | 41.5 | 21,080 | 4,249 | 20.2 |
| 1939 | 52,995 | 23,611 | 44.6 | 17,048 | 3,526 | 20.7 |
| 1940 | 28,740 | 14,359 | 50.0 | 10,513 | 2,076 | 19.8 |
| 1941 | 12,036 | 5,351 | 44.5 | 5,934 | 576 | 9.7 |
| 1942 | 3,252 | 1,862 | 57.3 | 1,795 | 99 | 5.5 |
| 1943 | 1,342 | 749 | 55.8 | 7,562 | 29 | 0.4 |
| 1944 | 453 | 257 | 56.8 | 10,359 | 19 | 0.2 |
| 1945 | 1,239 | 1,142 | 92.2 | 5,224 | 25 | 0.5 |
| 1946 | 11,228 | 7,584 | 67.5 | 12,085 | 1,369 | 11.3 |
| 1947 | 32,337 | 17,145 | 53.0 | 19,825 | 2,599 | 13.1 |
| 1948 | 59,736 | 43,459 | 72.7 | 24,756 | 6,991 | 28.2 |

Despite petrol rationing and high prices, it will be noted that there has been a sharp increase in 1948 in the number of registrations not only of cars generally but particularly of United Kingdom cars and in the proportion those cars bear to the total. The number of United Kingdom cars and commercial vehicles registered in 1948 is the highest ever recorded. The large number of motor vehicles of all sorts registered in 1948 reflects the pent-up demand which could not be met during the war years. It also reflects prosperous business conditions generally, while the high proportion of United Kingdom motor vehicles must be attributed further to severe restrictions placed by the Commonwealth Government on the expenditure of dollars on motor vehicles. United Kingdom manufacturers of motor vehicles have now a unique opportunity to establish themselves in a predominant position in the Australian market. Australia is, in fact, at present the United Kingdom motor manufacturers' best market.

The demand for motor vehicles has shown no sign of diminishing in 1949, and the number of motor-cars registered this year is expected to exceed 70,000. From 14th October, 1942, until 14th December, 1948, the Commonwealth Government controlled the distribution of new motor vehicles to ensure that in a time of shortage they went only to essential users. On 14th December, 1948, the High Court declared invalid the orders under which control was administered.

It was recently estimated that largely as a result of the necessary wartime restrictions of imports about six out of every ten motor-cars on the road are more than ten years old, whereas pre-war only about one-third were of that age. The number of cars per head of population is slightly below the pre-war proportion of 81 per 1,000 persons. There has, however, been a marked increase over pre-war in the number of commercial vehicles registered (414,072 at 30th June, 1948, compared with 258,025 at 30th June, 1939), indicating the industrial expansion of Australia, the growing necessity for speed in primary and secondary industries and the growth of road passenger services.

Posts, Telegraphs and Wireless

The following statement gives a summary of the financial results of the Postmaster-General's Department in recent years :

(£A)

| All Branches | 1944/45 | 1945/46 | 1946/47 |
|--|------------|------------|------------|
| Capital value of fixed assets and plant on 30th June | 83,645,163 | 88,539,863 | 94,986,021 |
| Capital expenditure on fixed assets and plant | 4,591,897 | 5,874,050 | 7,578,409 |
| Capital value of stores in stock on 30th June | 2,717,520 | 3,143,029 | 3,012,666 |
| Total earnings | 28,728,191 | 29,455,609 | 30,701,193 |
| Working expenses (exclusive of interest) | 20,282,287 | 21,728,529 | 24,084,824 |
| Earnings compared with working expenses (surplus) | 8,445,904 | 7,727,080 | 6,616,369 |
| Interest on capital including exchange thereon | 1,771,309 | 1,549,456 | 1,512,483 |
| Result after providing for working expenses and interest (surplus) | 6,674,595 | 6,177,624 | 5,103,886 |

The major item of capital expenditure (£A5,652,383) during 1946/47 concerned telephone lines and equipment.

Complete figures are not yet available for the financial years 1947/48 and 1948/49. It is understood, however, that the commercial results in 1947/48 showed a profit of £A1,850,000 compared with £A5,103,886 in 1946/47. In the year 1948/49 a loss of £A3.5 million is expected.

In a statement issued in June, 1949, the Postmaster-General said that the explanation of the change from a substantial profit in 1946/47 to a loss in 1948/49 was that since the beginning of 1947 direct labour costs, increases in the cost of living rates and the upward movement of wages coupled with the 40-hour week and increased costs of materials have brought about a great increase in departmental expenditure. To meet these increased costs the Posts and Telegraphs Rates Act and the Telephone Regulations were amended in July, 1949, to provide for increased charges in various categories of services, including local and trunk line telephone calls, telephone rental charges, internal postal rates and internal telegraph charges; the latter have been increased by approximately 50 per cent.

The aftermath of the war confronted the Post Office with, to quote the words of its Annual Report, "the gravest position with which it has ever been faced". The rehabilitation programme which the government agreed should be undertaken will embrace a three-year programme launched in 1947 of capital works, including buildings and sites to the value of £A42 million. Perhaps the major shortage left by the war was in telephone services. There was a large accumulation of unsatisfied applications for telephone services during the war period, which has

since been aggravated by the Department's difficulties in securing adequate supplies of exchange equipment, outdoor plant and telephone instruments, and by the lack of suitable exchange accommodation. About £A5.5 million of essential telephone line equipment has been ordered overseas. In spite of difficulties and shortages, however, there were in service in May, 1949, 1,022,174 telephone instruments compared with 662,000 in 1938/39.

Calls completed over the radio telephone service between Australia and overseas countries in 1948 numbered 25,211. Calls to the United Kingdom and through the United Kingdom to other countries and trans-Atlantic liners totalled 8,648.

In accordance with the Overseas Telecommunications Act, 1946, the Overseas Telecommunications Commission (Australia) was constituted in 1946 to acquire on behalf of the Commonwealth the external telecommunication assets in Australia of Amalgamated Wireless (Australasia) Ltd., as well as the assets in the Commonwealth of Cable and Wireless Ltd., and to undertake the operation of the relevant telecommunication services between Australia and overseas countries.

There are 138 broadcasting stations in Australia, 36 national and 102 commercial. The national broadcasting service is operated by the Australian Broadcasting Commission, with the requisite technical services provided by the Post Office. In addition, there are six National short-wave stations, and Radio Australia, which broadcasts to a number of countries throughout the world. This station, which is located at Shepperton, Victoria, is serviced by the P.M.G.'s Department, and operated by the Department of Information.

The most important measure taken since the war to improve broadcasting has been the passing of the Australian Broadcasting Act, 1948. This act was preceded by a complete review of the existing broadcasting structure in Australia, which showed that the time was opportune to set up a special authority in which should be vested responsibility for the control, direction and development of broadcasting—functions hitherto undertaken by the Post Office in conjunction with its many other activities. The Act provided for the establishment of a Board of three members appointed on a full-time basis to be known as the Australian Broadcasting Control Board. The principal functions of the Board, which commenced operations on the 15th March, 1949, are firstly to ensure the provision of services by broadcasting, television and facsimile stations and services of a like kind in accordance with plans approved by the Government; secondly to ensure that the technical equipment and operation of such stations is in conformity with appropriate standards; and thirdly to ensure that the programmes transmitted by national and commercial stations alike serve the best interests of the whole nation.

Since the war, eight new medium frequency national stations have been brought into operation by the Post Office, their location being Longreach, Pinalba, Broken Hill, Manilla, Taree, Port Moresby, Darwin and Alice Springs. Two additional short-wave stations at Sydney and Perth have been established to provide service to listeners situated in remote areas of New South Wales and Western Australia, respectively. In addition, new transmitting equipment and radiating systems have been installed at a number of existing stations in order to improve the service to listeners. Licences have also been granted for the establishment of two additional commercial broadcasting stations at Brisbane and Collie. (No transmitting or receiving apparatus can be established without a licence from the Postmaster-General.)

It has been decided gradually to introduce frequency modulation broadcasting into the national broadcasting service in Australia. To this end experimental stations have been established by the Post Office in Sydney, Melbourne and Adelaide, whilst work is in hand in connection with the erection of similar stations in the other capital cities.

Legislation was passed in 1946 requiring the Australian Broadcasting Commission to broadcast the proceedings of the Commonwealth Parliament from a national broadcasting station in each capital city and in Newcastle. The broadcasts were begun on 10th July, 1946.

The number of broadcast listeners' licences in force at February, 1949, was 1,913,172 compared with 1,129,786 in 1938/39. It is estimated that 95 per cent of dwellings in Australia are now equipped with wireless receivers.

In August, 1948, the Department of Posts and Telegraphs called for tenders for the provision of television equipment in Australia, and in June, 1949, the Commonwealth Government announced that television would be introduced into Australia as soon as the necessary arrangements could be made. It has been decided to adopt the standard of 625 lines and to make use of three channels in the frequency band of 178 to 200 megacycles a second for Australian television stations. Programmes will be provided by a national television service with stations at the outset established in each of the six capital cities, which will be capable of serving about 60 per cent of the population of Australia. It is expected that it will take at least two years to establish these services.

Civil Aviation

The following table, compiled by the Department of Civil Aviation, gives a summary of the operations of Australian regular domestic air transport services for the years ended 30th June, 1948, and 30th June, 1949:

| | Year ended 30th June, | | Percentage increase (+) or decrease (-) |
|---|-----------------------|---------------|--|
| | 1948 | 1949 | |
| Route mileage | 49,059 | 52,395 | + 6.8 |
| Hours flown | 218,414 | 232,018 | + 6.2 |
| Miles flown | 33,315,906 | 36,323,343 | + 9.0 |
| Passengers—Actual—paying | 1,217,178 | 1,420,396 | + 16.7 |
| Passengers—Actual—total | 1,232,506 | 1,438,354 | + 16.7 |
| Passenger miles—paying | 515,615,787 | 579,700,161 | + 12.4 |
| Passenger miles—total | 522,565,091 | 587,582,653 | + 12.4 |
| Passenger load factor %—paying | 66.5 | 66.1 | - 0.6 |
| Passenger load factor %—total | 67.4 | 67.0 | - 0.6 |
| Passenger loading per mile—paying | 15.5 | 16.0 | + 3.2 |
| Passenger loading per mile—total | 15.7 | 16.2 | + 3.2 |
| Freight actual tons | 26,036 | 33,613 | + 29.1 |
| Freight ton miles | 12,154,184 | 15,481,134 | + 27.4 |
| Mail total—all classes—lbs. | 1,070,261 | not available | |
| Mail ton miles | 722,454 | 842,499 | + 16.6 |

The civil aviation industry of any country depends for its success on four major factors:

- (a) Efficient airline operators.
- (b) Efficient aircraft.
- (c) Efficient ground organization.
- (d) An air-minded population.

Australian Airline Operators

The majority of domestic air traffic in Australia is carried by the privately-owned Australian National Airways Proprietary Ltd. (A.N.A.) and the Government-owned Trans-Australia Airlines (T.A.A.). A.N.A., as such, was formed in November, 1936, and by 1945 was the major airline in Australia when in 1945, the Government decided to nationalise airlines in the Commonwealth. This proposal was negated by the High Court and subsequently the Australian National Airlines Commission was set up, with Trans-Australia Airlines as the Government's operating company in opposition to A.N.A. Trans-Australia Airlines began operations in September, 1946, and has expanded enormously in the last three years. Competition between the two operators is keen. Statistics for the year ended 1948/49 show that A.N.A. was still the main carrier with a record of 621,455 passengers compared with T.A.A.'s 459,948 passengers. A.N.A.'s paying passenger load factor of 68.2 per cent (compared with 70.6 per cent in 1947/48) was also a slightly better economic result than the 67.9 per cent (compared with 62.5 per cent in 1947/48) of T.A.A. The fact that two major operators are running internal services in Australia, often in parallel with each other, has meant that the Australian public is as well served, so far as regular airline services are concerned, as any in the world.

In January, 1949, A.N.A. announced its conversion from a proprietary to a public company, but in August, 1949, the public share flotation was deferred and an interim conversion made back to a proprietary company. So long as A.N.A. remains a proprietary company, of course, no profit and loss accounts are published. T.A.A., since its inception, has relied on a government subsidy to cover its trading losses. However, the annual loss has been reduced from £A505,927 for the year ended 30th June, 1947, to £A296,801 for the year ended 30th June, 1948, and £A94,886 for the year ended 30th June, 1949. T.A.A. has announced its intention to budget for a profit in 1949/50.

Between A.N.A. and T.A.A. and other domestic operators there is a wide margin. The following figures show the total passengers carried by these operators for the year 1948/49, with the paying passenger load factor percentage in parenthesis.

| | | | | |
|--|----|----|----|----------------|
| Butler Air Transport Proprietary Ltd. | .. | .. | .. | 93,833 (68%) |
| Ansett Airways Proprietary Ltd. | .. | .. | .. | 80,491 (50.9%) |
| Guinea Airways Ltd. | .. | .. | .. | 46,563 (76.5%) |
| Queensland Airlines Proprietary Ltd. (previously Aircrafts Proprietary Ltd.) | .. | .. | .. | 36,011 (48.3%) |
| Qantas Empire Airways Ltd. (domestic only) | .. | .. | .. | 24,269 (59.9%) |
| Airlines (Western Australian) Ltd. | .. | .. | .. | 21,537 (55.3%) |
| MacRobertson Miller Aviation Company Ltd. | .. | .. | .. | 21,676 (58.0%) |
| East-West Airlines Ltd. | .. | .. | .. | 15,261 (70.5%) |
| Barrier Reef Airways | .. | .. | .. | 3,016 (58.3%) |
| Townsville and Country Airways | .. | .. | .. | 4,571 (59.1%) |
| Connellan Airways | .. | .. | .. | 984 (19.9%) |
| Curtis Madsen Aircrafts Proprietary Ltd. | .. | .. | .. | 621 (47.9%) |
| Inland Air Service (Ceased) | .. | .. | .. | 390 (36.6%) |
| Queensland Flying Services | .. | .. | .. | 3,866 (44.1%) |
| Woods Airways Proprietary Ltd. | .. | .. | .. | 3,872 (44.0%) |

At the end of the war, with the release of many wartime pilots and the availability of numerous military aircraft, the Department of Civil Aviation received numerous applications from would-be airline owners to open up new routes.

These applications were all scrutinized by the Federal Government, which after long deliberation recommended the establishment of twenty-five new routes. Some of these recommendations have not yet been implemented, but a number of new airline licences have been granted and a number of new operators have been apparently successful. Although the post-war period has been one of rising costs, competition between the airlines on the main inter-capital routes has been so vigorous that attempts to raise fares and freight rates have not been successful, and airlines in some cases carry passengers at fares which they have publicly admitted to be uneconomic. Passenger fares over Australia's domestic services are in fact among the lowest in the world. The Melbourne-Sydney fare, for example, is a little under 3d. (Australian) per mile. This compares with the London-Paris fare of 9.3d. (sterling) per mile, and the New York-Washington fare, which is slightly less than 4d. sterling a mile.*

Developments on the internal airlines have been matched by considerable expansions in Australian overseas operations. In 1947 Qantas Empire Airways became a completely Australian company, all the shares being purchased by the Commonwealth Government. Qantas Constellations operate the through service from Sydney to London in parallel with British Overseas Airways Corporation, with which Corporation Q.E.A. has an agreement for pooling of traffic. Q.E.A. also operates a temporary fortnightly service to Hong Kong, a charter service for the R.A.A.F. to Tokyo and a number of regional services through the Pacific Islands and to Fiji, Noumea, Lord Howe Island and Norfolk Island. A survey flight for a Sydney-Johannesburg service via Cocos Island and Mauritius was carried out in November, 1948.

The services between Australia and the North American continent are operated by British Commonwealth Pacific Airlines Ltd. (B.C.P.A.), Pan American Airways, and Canadian Pacific Airlines. B.C.P.A. is owned jointly by the Governments of the United Kingdom, Australia and New Zealand, and commenced operations in April, 1948, on the Sydney-Vancouver and Auckland-Vancouver routes with Douglas D.C.6's. Pan-American Airways operate on the Sydney-San Francisco route and Canadian Pacific Airlines on the Vancouver-Sydney route. The effect of sterling devaluation upon the traffic offering on trans-Pacific air services cannot yet be assessed.

The Trans-Tasman Air Service between Australia and New Zealand is operated by Tasman Empire Airways Ltd., a company jointly owned by the United Kingdom, Australian and New Zealand Governments. This service is now being operated by Short Solent flying-boats, with daily flights between Sydney and Auckland.

Aircraft

The aircraft used on the internal services of Australia are almost all American. The machines chiefly used are Douglas D.C.3's and D.C.4's. At the time when the major operators were re-equipping, during and since the war, the only types suitable and available were American, and while the industry generally is well disposed towards the British aircraft industry, it has never pretended to be guided by sentiment in purchasing aircraft. Trans-Australian Airlines have recently bought 5 Consolidated Convair airliners, which they are operating on their inter-capital service. A.N.A. is reported to have ordered 10 Vickers Viscounts for

*Before devaluation.

delivery in 1952, subject to these aircraft satisfying A.N.A.'s specifications, and it is possible that T.A.A. will order aircraft of a similar type. This means that by 1952 certain routes in Australia may well be operated by prop-turbine aircraft of British manufacture. Australian airline operators not only want the most economical and efficient aircraft for their services, but the Australian aircraft industry itself would like to manufacture machines for the domestic market. At the moment, however, it would not appear that sufficient local demand exists for Australian built aircraft to make production of civil airliners in the Commonwealth an economic proposition. Orders from overseas operators would have to be secured before manufacture in Australia could be justified on business grounds.

Ground Organization

Although a considerable number of airports were built or extended during the war, these aerodromes were not in all cases suitable for use by civil air services, since they had been sited for strategic and defence reasons rather than to meet the demands of the air travelling public. One of the most pressing problems of the Department of Civil Aviation since the war has been the need to bring suitable aerodromes up to post-war standards, to equip them with proper facilities and to build new airports where justified by demand. The long-term plan is to equip each mainland capital city with two good airports, one for radio controlled aircraft and one for aircraft without radio. This plan will take some years to complete, but work has already been begun at Melbourne, Sydney, Adelaide, Brisbane, Perth and Hobart. In addition to the building or extending of large city airports, provision of adequate country aerodromes throughout Australia and in New Guinea has also been taken in hand. These airports will serve scattered communities in the "Outback", where for many months at a time air transport may be the only link with the outside world. In order to provide better ground and air-to-ground communications, the Directorate of Airways of the Department of Civil Aviation has begun a large programme of improvements. The number of radio transmitters in operation has been doubled since the end of the war, all eastern aeradio stations have been equipped with V.H.F. facilities, and ultimately all Australian aeradio stations will be so fitted. In order to fulfil Australia's responsibility for communications overseas an international aeronautical fixed telecommunications service has been established giving direct communication with Auckland, Nandi (Fiji), Honolulu, Tontuta (New Caledonia), Singapore, Djakarta (Batavia), Koepang (Dutch Timor), and other islands of the Pacific. Radio teletype systems will be established on some international circuits when justified by density of traffic. The Department of Civil Aviation has also decided to instal radar distance measuring equipment, to assist aircraft in determining their position along any airline, at a cost of £A750,000. Over 80 distance measuring beacons will give a coverage of approximately 2 million square miles, so that almost every aircraft flying within Australia (and parts of New Guinea) will be within range of one or other of them. In addition, the instrument landing system (I.L.S.) is to be installed at twelve major airports, at an estimated cost of some £A400,000. The planned airport development programme for the next three years will cost £A13 million. Provision is made in the plan for work on 28 airfields in Western Australia, 27 in Queensland, 26 in New South Wales, 16 in Victoria, 13 in South Australia, 9 in the Northern Territory, 7 in New Guinea and 2 in Tasmania. At the present time Australia has 134 government airfields plus emergency landing grounds and 5 flying-boat bases. To compensate the Australian Government for the cost of maintaining

air route facilities, which total more than £A1 million a year, a scheme of charges for the use of Commonwealth aerodromes and facilities has been introduced. Airline operators are liable to a charge for each flight, and a notional fee is imposed on other aircraft owners. The private airline operators have, however, challenged the Commonwealth Government's right to levy these charges, and the case is now pending before the High Court of Australia.

Australia—An air-minded nation

Domestic air transport in Australia has made such remarkable strides during the past few years that Australians are now the most air-minded travellers in the world. This is demonstrated by the following figures recently published by the *Aeroplane* :

| | Population | Total passengers, 1948 | Per cent |
|-------------------|-------------|---------------------------|----------|
| Australia | 7,580,800 | 1,350,236 | 17.8 |
| U.S.A. | 135,000,000 | 14,000,000 | 10.4 |
| New Zealand | 1,834,270 | 151,871 | 8.3 |
| Canada | 12,883,000 | 1,056,220 | 8.2 |
| Britain | 47,000,000 | 701,494 | 1.5 |

There are various good reasons for the huge expansion in air traffic. The Director-General of Civil Aviation has stated that comparison with pre-war figures seems almost ridiculous. In 1939 Australian regular airlines recorded a total of 15 million passenger miles, only 1/34th of the 516 million in 1947/48. Development of air freight has also been spectacular, the amount carried in 1947/48 being 78 times the pre-war quantity. These figures illustrate the confidence which the airline operators enjoy amongst the travelling public. It must be remembered that the airlines are singularly fortunate in the opportunities for expansion which exist (although at the moment further expansion is limited owing to restriction of petrol imports). Surface travel in Australia suffers from disadvantages which, by contrast, make the airlines all the more attractive to the intending traveller. The main railway lines are coastal and inter-capital, and speed and comfort suffer considerably from the necessity to change gauge between States. Cross-country surface travel is, therefore, often only possible on rather indifferent roads. The low air fares mentioned above compare very favourably with those of the railways or coastal shipping. The excellent safety record of the airlines also contributes to public confidence. By the 30th June, 1948, Australian regular airlines had flown over 1,000 million passenger miles in 2½ years without a single passenger fatality. Unhappily this long accident-free period ended shortly after, but the safety record is still one of which the airlines are justly proud.

Conclusion

Judged purely from a financial standpoint civil aviation in Australia, as in most countries, is being operated at a loss, the main item on the debit side being the high cost of the ground organization which is indispensable to the safe operation of air services. No country can, however, stand aside from civil aviation any more than from any other form of transport, and monetary losses can be and must be

offset by intangibles which do not figure in the balance sheet. In peacetime, civil aviation in Australia provides a social service with a network of communications over much of a large continent ill served by other forms of transport. (Comparatively small, but not to be discounted, are the Air Ambulance and Flying Doctor services, which bring comfort and aid to the scattered communities of the "Outback".) To quote the Minister of Civil Aviation: "In developing Australian aviation, the Government has not allowed financial considerations to be a major determining factor. It has provided all the necessary funds to create a great national asset. . . . It has made possible regular internal services with the world's lowest fares, and it has ended" (is helping to end would perhaps be more realistic) "the terrible isolation which, in the past, was such a handicap to settlers in distant parts of the Commonwealth". Moreover, with its aircraft ground organization, and its reserve of trained personnel, the civil aviation industry provides an asset which would be invaluable in time of war or national emergency.

VII SOCIAL CONDITIONS

Population

THE ESTIMATED POPULATION of Australia (excluding full-blooded aborigines) on 31st December, 1948, was 7,794,880*—3,910,051 males and 3,884,829 females. Of these 3,062,344 lived in New South Wales, 2,106,315 in Victoria, 1,132,565 in Queensland, 665,927 in South Australia, 522,330 in Western Australia, 257,142 in Tasmania, 12,494 in Northern Territory and 17,763 in Australian Capital Territory. Nearly 50 per cent of the population (3,861,653) resided in the capital cities alone. In 1938 Australia's population amounted to 6,936,213.

In 1948 the birth rate was 23.08 per thousand compared with a death rate of 9.96 per thousand, giving a natural increase of population of 13.12 per thousand compared with 7.82 in 1938. In this same period the marriage rate per thousand of population increased from 9.04 to 9.71, whilst the infantile mortality rate decreased from 38.26 to 27.76 per thousand live births.

During the year 1948 there was a total increase in Australia's population of 156,252, consisting of a natural increase (excess of births over deaths) of 101,137 and a net migration intaking (excess of arrivals over departures) of 55,115.

At the last census (June, 1947) the total population of Australia was 7,579,358; of these, approximately 1,741,200 were 50 or over; 3,190,472 between 21 and 49; 2,598,893 under 21 and 48,493 "not stated". It is significant that in the period 1933-1947 the "50 years and over" group increased by 39.4 per cent, the 21-49 year group by 13.7 per cent and the under 20 group by 1.7 per cent. The total population increase was 14.3 per cent compared with 21.97 per cent between the census of 1921 and 1933. Owing to the reduced birth rate after 1920 the composition of the population is now changing, so that proportionately there are fewer young adults and more aged persons. The continued drift to the cities is shown in the fact that between the 1933 and 1947 census rural population fell from 35.9 per cent of total population to 31.1 per cent.

It is argued that Australia's increasing urbanisation has a depressing effect on fertility, as it has been observed that reproduction rates are highest in farm communities and rural areas; and it has been calculated that, assuming the present fertility rate will not change, the population of Australia, without migration, would reach a maximum of 8.2 million in 1980 and then fall. Furthermore, higher fertility may even be more important in the long run than immigration, as immigrants frequently adopt the fertility pattern of their new country.

*On 14th November, 1949, the Commonwealth Statistician announced that estimates indicated that the 8 million mark had been passed; this meant a gain of over 205,000 in about ten and a half months, compared with 156,000 in the whole year 1948. Of the 205,000 about 120,000 represented a net gain of immigrants and about 85,000 were due to natural increase.

Immigration

Within the last few years the Commonwealth Government, mainly on economic and defence grounds, embarked on an ambitious immigration programme, in spite of an acute shortage of shipping in the earlier stages. In more recent months the shipping position has improved appreciably. Apart from Australia's immediate deficiency of labour supply it has been recently estimated by the Commonwealth Minister for Immigration that from the defence aspect a population of at least 20 million is required to "hold Australia". In 1947 there were 31,765 new permanent arrivals in Australia, in 1948 65,739 and in the first six months of 1949 74,585. On the 9th September, 1949, the Federal Minister for Immigration (Mr. Calwell) said that if the present immigration trend were sustained, and the present birth and death rates continued, Australia would have a population of 9 million early in 1954 and of 10 million by 1957. Mr. Calwell also forecast that most Australians now living should survive to see the country inhabited by 20 million people.

Of the 31,765 arrivals in 1947, 22,812 were British (mainly from the United Kingdom); whilst in 1948 43,510 of the 65,739 arrivals were British. The remainder were in the main from the Baltic countries, Italy and Eastern Europe. Since 31st March, 1947, the British-Australian agreement on free and assisted passages has been operating whilst the Commonwealth Government has been admitting Displaced Persons under an agreement with the International Refugee Organization, in ships provided by that organization.

Already the influx of migrants has had an appreciable effect in helping Australia to meet her pressing labour problem and in increasing the output of essential materials and commodities. It is difficult to give any complete precise indication of the occupations in which migrants are engaged, but the following fairly representative sample may be of some interest. Of the 9,500 British migrants who arrived in Australia under the free and assisted schemes in the first quarter of 1949, slightly more than 50 per cent were dependants or persons not gainfully employed. Of the remainder about 33 per cent were craftsmen (building and constructional workers, mechanics, fitters and turners, engineers, drivers, metal workers, etc.), about 21 per cent were operatives (tradesmen's assistants, conductors, guards, greasers, firemen, etc.), 19 per cent clerical and commercial workers, 7 per cent in professional and sem-professional occupations, 7 per cent domestic service workers, about 7 per cent labourers and 4 per cent in rural occupations.

The Minister for Immigration announced in September, 1949, that there were nearly 2,400 immigrants employed in the timber cutting industry, while the Sugar Producers' Association reported that immigrants into Queensland in the 1948/49 season cut nearly 346,000 tons of cane.

The marked acceleration in the rate of inflow of migrants will undoubtedly assist considerably in solving Australia's long-term economic problems, but in the short-term it may tend to accentuate some of the existing difficulties. In particular it may for a time aggravate Australia's already acute housing problem. It should, however, go some way towards solving the pressing labour problem and it is bound to bring about a significant expansion of the Australian local market. National output and income will clearly be affected, as well as the rate

of capital growth. Unless the influx of migrants is accompanied by substantially increased production of primary products, available supplies to the United Kingdom may well be affected.

In October, 1949, the Federal Government decided to set up an Immigration Planning Council to assist the speedy absorption of immigrants into industry and development projects. The Prime Minister announced that the Council would be responsible for advising on the ways in which immigration could contribute to a desirable pattern of development in Australia with due regard to decentralisation and general distribution of population and for examining the major problems and difficulties connected with accommodation and employment. Mr. Chifley commented: "Migration to Australia has now reached such proportions that the smooth and speedy absorption of new settlers into industry and the community generally needs forward planning on an unprecedented scale".

Employment and Unemployment

During the last few years, owing in the main to enormous expansion of industry and large increases in demand, Australia has been in a position of very "full" employment; indeed, as was indicated in previous sections of this report, in many branches of production there is still an acute shortage of labour. The following table shows the percentage of unemployed amongst certain trade unions in the last few years. It should be noted that the membership of the reporting unions consists predominantly of males and represents only about 56 per cent of the total trade union membership, and between 25 and 30 per cent of all wage and salary earners; nevertheless the figures provide a useful indication of the trend of unemployment.

| | | | | | Percentage unemployed |
|---------------------|----|----|----|----|--------------------------|
| 1932 (June quarter) | .. | .. | .. | .. | 30.0 |
| 1938 | .. | .. | .. | .. | 8.7 |
| 1946 | .. | .. | .. | .. | 1.3 |
| 1947 | .. | .. | .. | .. | 1.2 |
| 1948 | .. | .. | .. | .. | 0.9 |

The following table gives details for the March quarter of 1949 of unemployment by industrial groups:

| | | | | | Percentage unemployed |
|---|----|----|----|----|--------------------------|
| Wood, furniture, etc. | .. | .. | .. | .. | 0.5 |
| Engineering, metal works, etc. | .. | .. | .. | .. | 0.3 |
| Food, drink and tobacco | .. | .. | .. | .. | 1.4 |
| Clothing, textiles, etc. | .. | .. | .. | .. | 0.7 |
| Books, printing, etc. | .. | .. | .. | .. | 0.1 |
| Other manufacturing | .. | .. | .. | .. | 1.6 |
| Building | .. | .. | .. | .. | 0.9 |
| Mining, quarrying, etc. | .. | .. | .. | .. | 2.4 |
| Land transport other than rail- way and tramway services.. | .. | .. | .. | .. | 1.5 |
| All groups | .. | .. | .. | .. | 0.8 |

The following table shows the cause of unemployment, as stated by persons whose admission to unemployment benefit was notified during the year ended June, 1949 :

| Cause of unemployment | Admissions twelve months ended June, 1949 | |
|---|---|--------|
| | Male | Female |
| Discharged or laid-off : | | |
| Disciplinary reasons | 168 | 7 |
| Inefficiency, including medical unfitness | 453 | 34 |
| Power rationing | 54 | 4 |
| Shortage of materials | 1,033 | 37 |
| Strikes and lockouts | 296 | 3 |
| Seasonal work | 3,220 | 21 |
| Casual work | 1,813 | 48 |
| Other, including inadequately defined | 2,005 | 197 |
| Quitted : | | |
| Medical unfitness, work too heavy | 1,373 | 210 |
| Other, including inadequately defined | 795 | 77 |
| Not previously employed : | | |
| Employers, workers on own account | 179 | 6 |
| Ex-service personnel not yet returned to work | 23 | 1 |
| Other | 47 | 22 |
| Total | 11,459 | 667 |

In accordance with the Government's policy of maintaining full employment the National Works Council has framed the most comprehensive and costly public works programme in Australia's history. The total estimated cost (including the Snowy River scheme) is reported to amount to over £A800 million. Furthermore, 30 per cent of the National Works Council programme is said to be ready to be commenced immediately, and in the event of a recession that part of the programme would act as an effective counter to large-scale unemployment. Of the total expenditure £A247 million will be devoted to building schools, hospitals and houses.

Between July, 1939, and April, 1949, the number of wage and salary earners (excluding the Defence Forces, wage earners in rural industry and females employed in private domestic service) employed in Australia increased from 1,730,200 to 2,439,200, the number of females employed increasing from 437,100 to 662,400, whilst the number of males employed increased from 1,293,100 to 1,776,800. The largest increases in numbers employed between 1939 and 1949 were in the manufacturing industries, transport and communications, and the service of public authorities. Employment in coal mining increased from just over 22,000 in 1939 to over 26,000 in April, 1949. Employment in building and construction increased from just over 150,000 in 1939 to nearly 182,000 in April, 1949. The only recorded fall in employment within the main groups was in the gold mining industry ; between 1939 and April, 1949, employment in this industry fell from 15,500 to 8,800.

Appendix XII gives details of the change in employment in the main industrial groups between 1939 and July, 1949. The figures for July, 1949, show some of the early effects of the coal strike on employment ; employment in coal mining

fell from 26,400 in April to 7,700 in July, whilst employment in manufacturing industry fell from 910,900 to 821,200.

The following table gives details of the distribution of employment among States, and of the increase in the numbers employed between July, 1939, and April, 1949 :

Persons
(Thousands)

| State | July 1939 | June 1945 | June 1946 | June 1947 | June 1948 | March 1949 | April 1949 |
|---------------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| New South Wales.. | 697.9 | 783.9 | 860.8 | 923.9 | 964.2 | 986.5 | 986.9 |
| Victoria | 500.4 | 552.4 | 601.6 | 643.1 | 670.0 | 689.2 | 688.5 |
| Queensland | 226.0 | 244.1 | 263.6 | 294.7 | 310.5 | 315.9 | 316.9 |
| South Australia .. | 140.7 | 158.4 | 175.4 | 188.9 | 199.1 | 206.0 | 206.5 |
| Western Australia.. | 109.1 | 111.5 | 128.3 | 139.5 | 146.2 | 149.8 | 150.6 |
| Tasmania | 49.0 | 56.1 | 63.5 | 68.0 | 72.5 | 75.4 | 76.0 |
| Northern Territory | 2.3 | 4.4 | 3.2 | 3.8 | 4.6 | 4.7 | 4.8 |
| A.C.T. | 4.8 | 4.9 | 6.1 | 7.1 | 7.8 | 9.1 | 9.0 |
| Total .. | 1,730.2 | 1,915.7 | 2,102.5 | 2,269.0 | 2,374.9 | 2,436.6 | 2,439.2 |

Note.—From June, 1945, onwards, the figures above are estimates, subject to revision.

In the middle of 1949 the Commonwealth Statistician prepared a useful survey analysing the rate of labour turnover in Australian manufacturing and non-manufacturing industry. Preliminary results of the Survey were based on results covering about 25 per cent of employees (excluding rural) in private firms subject to pay-roll tax. The following table shows the number of engagements and separations as a percentage of average employment in the period March, 1949. The statistics are, of course, influenced by seasonal factors and allowance for this should be made in their interpretation.

| | Male | | Female | | All Employees | |
|-----------------|------------------|-------------|------------------|-------------|------------------|-------------|
| | Engage- ments | Separations | Engage- ments | Separations | Engage- ments | Separations |
| Manufacturing | 8.2 | 7.4 | 9.2 | 7.5 | 8.4 | 7.4 |
| Other .. | 6.1 | 5.3 | 9.9 | 8.5 | 7.4 | 6.3 |
| All industry .. | 7.3 | 6.4 | 9.5 | 8.0 | 7.9 | 6.9 |

The statistics for manufacturing of 8.4 per cent for engagements and 7.4 per cent for separations compare with 5.0 per cent and 5.5 per cent respectively for the United States during September, 1948. In the four weeks of January, 1949, the United Kingdom rates were 3.2 per cent and 2.9 per cent. However, the United Kingdom figures are not directly comparable with the Australian or United States figures as "engagements" in the United Kingdom include only those persons who are still on the payroll at the end of the month.

Appendix XIII shows the detailed turnover for clerical and manual workers in Australian industry during March, 1949. It will be observed that the turnover of male clerical workers is low in almost all industries. Highest rates are in

building, personal service and entertainment, food, drink and tobacco, wood-working, and other manufacturing, in all of which both engagements and separations were over 10 per cent—equivalent to over 100 turnover per year. In a further analysis within manufacturing industry groups labour turnover rates were found to be higher for shift workers than for non-shift workers.

Industrial Relations

Between 1939 and the period 1945-48 there has been a very large increase in the number of days lost as a result of industrial disputes in Australia. The number of disputes in the coal-mining industry has for every year between 1939 and the end of 1948 been several times more than the combined total in all other groups. In the last three years, however, the loss in working days has been highest in the transport group, followed by those in the manufacturing group and coal mining. Appendix XIV shows the number of industrial disputes, the number of workpeople involved and the losses in working days and wages in the main Australian industrial groups in the period 1939-48.

During 1949 the Australian economy suffered a severe setback as a result of a serious seven weeks coal strike. Australian coal-miners, alleging that their claims for improved pay and conditions (35-hour week, 30s. increase in weekly wages and long service leave) were being considered too slowly, struck on 27th June. Mr. Chifley declared that the general coal strike was a wholly unreasonable and unjustifiable repudiation of conciliation and arbitration. The strike resulted in a most serious dislocation of industry, particularly in New South Wales. Severe restrictions on the use of electric power, gas and transport were instituted and the industrial use of coal and coke almost suspended. It is estimated that within the first two weeks unemployment rose to nearly half a million. When the strike reached its sixth week troops were introduced into the open cut coal mines of New South Wales. During the strike the Federal Government passed legislation designed to prevent financial aid being given to striking miners. Several of the miners' leaders refused to reveal where their funds were and were fined for contempt of court. Among the more serious results of the strike was the closing down of steel production.

The main causes of industrial disputes (from the viewpoint of working days lost) during the last three years have been claims for wage increases and other wage questions; questions of the employment of particular classes or persons; working conditions; sympathy strikes; and disputes on hours of labour. In 1939 questions concerning working conditions were the cause of 22 per cent of the loss of working days as a result of disputes; employment of particular classes of persons 18 per cent and wage increase claims 5 per cent. In 1948 (a year of accelerated price increase) 47 per cent of the working days lost were caused by claims for wage increases, 14 per cent by employment of particular classes of persons and 8 per cent by disputes about working conditions. Further details are contained in Appendix XV.

With regard to methods of settlement, of the 1,130 disputes in Australia in 1948, 275 were settled by direct negotiation between employers and employees or their representatives; 106 under the State Industrial Acts (by reference to Board or Court); and 636 by "other methods". "Other methods" is an indefinite term, and relates mainly to the resumption of work where the cause of the stoppage has not been made officially known to the management. The following table

shows in greater detail the methods of settlement of industrial disputes between 1939 and 1948.

Methods of Settlement of Industrial Disputes—Australia

Number

| Methods of Settlement | 1939 | 1942 | 1943 | 1944 | 1945 | 1946 | 1947 | 1948 |
|---|------|------|------|------|------|------|------|-------|
| NEGOTIATION : | | | | | | | | |
| Direct between employers and employees or their representatives .. | 277 | 233 | 356 | 387 | 482 | 385 | 265 | 275 |
| By intervention or assistance of distinctive third party—not under Commonwealth or State Industrial Act | 17 | 117 | 100 | 130 | 75 | 89 | 90 | 84 |
| UNDER STATE INDUSTRIAL ACT : | | | | | | | | |
| By intervention, assistance or compulsory conference | 5 | 9 | 13 | 19 | 10 | 5 | 7 | 22 |
| By reference to Board or Court .. | 2 | 16 | 30 | 25 | 22 | 19 | 96 | 106 |
| UNDER COMMONWEALTH CONCILIATION AND ARBITRATION ACT : | | | | | | | | |
| By intervention, assistance or compulsory conference | 6 | 43 | 38 | 72 | 43 | 19 | 36 | 7 |
| BY FILLING PLACES OF WORKPEOPLE ON STRIKE OR LOCKED OUT .. | 1 | — | — | — | 1 | 3 | 1 | 1 |
| BY CLOSING DOWN ESTABLISHMENT PERMANENTLY | 2 | — | — | 1 | — | — | — | — |
| BY OTHER METHODS | 106 | 178 | 246 | 304 | 308 | 344 | 487 | 636 |
| TOTAL | 416 | 596 | 783 | 938 | 941 | 864 | 982 | 1,130 |

Forty-Hour Week

The compulsory 40-hour week was introduced on the 1st January, 1948. Since the introduction there have been conflicting claims as to whether the result has been beneficial or otherwise; it is as yet difficult to forecast what will be the ultimate effect on the Australian economy. In a number of branches of manufacturing industry it has been claimed that the 40-hour week has resulted in a considerable falling off of production; on the other hand Dr. S. P. Stevens, Research Economist of the Department of Economics in Melbourne University in an analysis of the effect on the output per man per week in Victorian industry claimed that during the six months period January to June, 1948, compared with the six months January to June, 1947, output per standard working week remained practically unchanged over the whole (rather limited) pool of secondary industry investigated in Victoria, and that man-hourly output had increased by about 9 per cent, chiefly in industries previously not highly mechanised. The results for different industries showed considerable variations, but in general it was found that industries with fully mechanical production processes showed hardly any change in man-hourly output, and standard weekly output in these cases fell by about 10 per cent. Dr. Stevens contended that the improvement achieved by many firms was due to increased managerial efficiency, introduction of new machinery, re-organization of production processes or changes in wage payment systems, and his findings suggested that in the aggregate, production per man-week was just about maintained. It should be appreciated, however, that Dr. Stevens' investigations covered only seventy-one firms in Victoria employing slightly over 11,000 persons.

Social Services

Since 1939 there has been a very substantial increase in the range of and expenditure on governmental social services, many of which have evolved from voluntary services. They are regarded as one of the most important factors in maintaining living standards and in helping to stimulate the birth rate. The cost of Commonwealth social services has risen from £A16.7 million to £A62 million in 1946/47, £A68.6 million in 1947/48 and £A81 million in 1948/49. The 1949/50 budget allows for £A121 million in expenditure on social services. Appendix V indicates the nature and extent of some of the social services performed by the States.

As a result of a referendum in September, 1946, additional powers to provide various social service benefits and services were conferred on the Commonwealth. Subsequently the Social Services Consolidation Act was passed and came into operation on 1st July, 1947; the services within this act are administered by the Department of Social Services. The large expansion between 1938/39 and 1948/49 in Commonwealth expenditure on individual social services is shown in detail in the following table. It will be observed that the bulk of the expenditure within recent years has been on age and invalid and widows' pensions, child endowment, hospital benefits, maternity allowances and unemployment and sickness benefits. The Commonwealth expenditure on age and invalid pensions in 1948/49 was about double that of 1938/39.

Expenditure on Social Services

£A'000

| Item | 1938/39 | 1945/46 | 1946/47 | 1947/48 | 1948/49 |
|--|---------------|---------------|---------------|---------------|---------------|
| Age and invalid pensions .. | 15,992 | 26,962 | 29,417 | 36,526 | 41,694 |
| Funeral benefits | — | 185 | 209 | 210 | 253 |
| Child endowment | — | 18,019 | 19,863 | 19,426 | 24,323 |
| Widows' pensions | — | 3,247 | 3,366 | 3,904 | 4,388 |
| Maternity allowances .. | 437 | 2,493 | 3,026 | 2,854 | 2,829 |
| Unemployment and sickness benefits | — | 1,144 | 1,650 | 1,217 | 1,070 |
| Hospital benefits | — | 1,111 | 4,380 | 4,448 | 5,881 |
| Tuberculosis benefits .. | — | — | 110 | 28 | 156 |
| Pharmaceutical benefits .. | — | — | — | — | 149 |
| Community rehabilitation | — | — | — | — | 34 |
| TOTAL | 16,429 | 53,161 | 62,021 | 68,613 | 80,777 |

As the rates of most of the social services have increased considerably within the last few years they are reviewed in detail below.

Under the maternity allowance provisions of the Act the amount payable varies from £A15 to £A17 10s.; whilst child endowment is payable at the rate of 10s. per week in respect of each child in excess of one. Old age pensions, at the maximum rate of £A2 2s. 6d. per week, are paid to men of 65 years or over and women 60 years or over who have resided in Australia for a continuous period of 20 years. Any other income in excess of £A78 per annum is deducted from the pension and the annual rate of pension is also variable with the amount of property holding of the pensioner.

Invalid pensions are payable to persons over 16 years of age who are permanently incapacitated; and the effect of income and property holding applies in the same way as in the case of pensions. An allowance not exceeding £A1 per week may also be granted to the wife of an invalid pensioner. Invalid pensioners may also be given suitable treatment and vocational training at the Commonwealth's expense. A funeral benefit of £A10 is also payable to the person liable to pay the cost of the funeral of an aged or invalid pensioner.

Widows' pensions are payable where there is an income of less than about £A3 17s. 6d. per week for widows with children or not less than 50 years of age. The maximum pension on an income under £A78 per annum is £A2 7s. 6d. per week.

Unemployment and sickness benefit pensions are payable to men under 65 and women under 60 years of age; the maximum benefit permissible to a man with wife and one child being £A2 10s. per week. Income above a permissible minimum is deducted from the rate of benefit.

The following table shows the number of unemployment and sickness claims admitted and benefits discontinued in the year ended June, 1949:

| State | PERSONS | | | | | | | |
|----------------------|---|---------------|---------|---------|---|---------------|---------|--------|
| | Claims admitted— year ended June, 1949 | | | | Benefits discontinued— year ended June, 1949 | | | |
| | Unem- ploy- ment | Sick- ness | Special | Total | Unem- ploy- ment | Sick- ness | Special | Total |
| New South Wales (a) | 2,257 | 25,844 | 8,423 | 36,524 | 2,313 | 25,107 | 7,428 | 34,848 |
| Victoria .. | 288 | 16,712 | 9,826 | 26,826 | 303 | 15,774 | 7,073 | 23,150 |
| Queensland .. | 8,455 | 10,608 | 404 | 19,467 | 8,980 | 10,413 | 378 | 19,771 |
| South Australia (b) | 124 | 6,729 | 913 | 7,766 | 114 | 6,655 | 826 | 7,595 |
| Western Australia .. | 884 | 6,175 | 1,517 | 8,576 | 989 | 6,063 | 1,290 | 8,342 |
| Tasmania .. | 118 | 2,796 | 146 | 3,060 | 114 | 2,792 | 124 | 3,030 |
| TOTAL .. | 12,126 | 68,864 | 21,229 | 102,219 | 12,813 | 66,804 | 17,119 | 96,736 |

(a) Includes Australian Capital Territory.

(b) Includes Northern Territory.

One interesting development of recent years has been the formation of the Commonwealth Employment Service. Originally designed to deal primarily with the re-employment of men and women demobilised from the fighting services, the service is now available to all employers and employees through a network of district officers in capital cities, and in the main country centres, with agents in the smaller towns and villages. It deals on a free voluntary basis with all kinds of employment from professional to labouring occupations.

The Commonwealth Health benefits are administered by the Department of Health. In December, 1948, the Federal Government passed the National Health Services Act. Owing to the present shortage of trained medical and dental practitioners and associated workers, as well as facilities and equipment, this comprehensive medical plan is essentially a long-term one.

Under the medical benefits scheme, the government proposes to pay 50 per cent of fees charged patients by medical practitioners. So far the Australian Federal Council of the British Medical Association has shown marked opposition to the scheme, mainly on the grounds that it involves too much clerical work and infringes the secrecy between doctor and patient. About 98 per cent of the general practitioners in Australia belong to the B.M.A. The official attitude of the B.M.A. has also been hostile to the Pharmaceutical Benefits or "Free Medicine Scheme", and up to date few doctors are using the Government formulary and prescription books. The B.M.A. has challenged the Free Medicine Scheme in the High Court, claiming that it is beyond the Commonwealth's powers to prosecute doctors for not prescribing on special forms; and in October, 1949, the High Court declared the Pharmaceutical Benefits Act invalid.

Housing

Among the more urgent of Australia's present social problems is the acute need for additional houses. In 1939 the Commonwealth housing shortage was unofficially assessed at 112,000; by 1944 this figure had increased to about 220,000, apart from 46,000 for the replacement of slum houses. In 1946 the Commonwealth housing authorities estimated the shortage as 300,000. The Commonwealth Census of 1947 revealed that 116,828 private dwelling houses were being shared by more than one family; moreover, 5,400 returns were submitted by people living in waggons, vans or camps. The need for houses was accentuated by the rise in marriage rate from 62,411 in 1938 to 76,457 in 1947 and nearly 75,000 in 1948. From a peak of 42,000 houses completed in 1938, the rate of construction slumped to 3,000 in 1943 and 4,000 in 1944. Since then there has been a marked upward trend. In 1945/46 15,422 houses and flats were completed, in 1946/47 32,922, in 1947/48 44,225, in 1948/49 52,573. Shortage of building materials has been one of the main limiting factors, although output of some materials is by now considerably higher than pre-war, and imports have been encouraged in order to meet some of the more acute deficiencies. The inflow of immigrants may, on a short view, seem to aggravate the housing problem, but the increased output resulting from the employment of additional migrant labour in several branches of production should ultimately assist substantially in speeding up the rate of construction. By mid-1949 it was estimated that over 8,000 displaced person migrants were working in industries directly or indirectly relating to house-construction. Perhaps even more important was the fact that, under the Commonwealth Reconstruction Training Scheme, by mid-1949, some 20,000 ex-servicemen had completed basic training in a building trade.

One of the main difficulties has been the substantial increase in housing costs; Commonwealth statistics show that housing costs have more than doubled since 1939 and present indications are that the increase in construction costs is likely to continue. Between the March quarter of 1947 and the June quarter of 1949 the Australian Housing Cost index increased by $27\frac{1}{2}$ per cent. The biggest increase was that of $35\frac{1}{2}$ per cent in Perth; the cost in Sydney rose by 26 per cent and in Melbourne by $26\frac{1}{2}$ per cent. The overall increase in the year ended 30th June, was $8\frac{1}{2}$ per cent. In the period March, 1947, to June, 1949, labour costs increased by 38.4 per cent and material costs by 22.2 per cent. However, the Commonwealth and State Housing Agreement of April, 1944, has helped remedy the rent burden on families in the low income group. Its rental rebate

system is based on the principle that families whose income equals the basic wage should not pay more than one-fifth of that income in rent. As the family income rises or falls below the basic wage the rate diminishes or increases. Up to the middle of 1949 the Commonwealth Government had advanced £A45 million to the States under this agreement; and it is expected that about £A20 million will be spent for this purpose in 1949/50. By 30th June, 1949, 23,000 houses had been completed under the agreement and about 10,000 were under construction.

From the technical aspect the Commonwealth Experimental Building Station and the Building Research Laboratory of the Commonwealth Scientific and Industrial Research Organization are engaged in continuous investigation and experiment on housing problems.

Cost of Living and Wage Standards

The following table shows the change in the all-items retail price index, together with the changes in the components of the index, i.e. food and groceries, rent, clothing and miscellaneous items, during the period 1938/39—1948/49.

Base: July, 1936—June, 1939=1000

| Period | Retail Price Indices : Six Capital Cities | | | | |
|-----------------|---|--------------------------------|----------|---------------|-----------|
| | Food and groceries | Rent of 4- and 5-roomed houses | Clothing | Miscellaneous | All items |
| 1938/39 .. | 1048 | 1031 | 1018 | 1001 | 1029 |
| 1941/42 .. | 1118 | 1054 | 1471 | 1133 | 1176 |
| 1942/43 .. | 1203 | 1054 | 1713 | 1188 | 1267 |
| 1943/44 .. | 1172 | 1054 | 1757 | 1215 | 1270 |
| 1944/45 .. | 1179 | 1053 | 1746 | 1211 | 1270 |
| 1945/46 .. | 1187 | 1054 | 1777 | 1212 | 1278 |
| 1946/47 .. | 1208 | 1054 | 1873 | 1225 | 1309 |
| 1947/48 .. | 1333 | 1056 | 2013 | 1279 | 1393 |
| 1948/49 .. | 1531 | 1058 | 2264 | 1349 | 1528 |
| Sept., 1949* .. | 1597 | 1060 | 2498 | 1402 | 1610 |

*Quarter ended September, 1949.

It will be observed that during the war and immediate post-war years, the Australian retail price index remained remarkably steady, mainly as a result of an efficient system of price control and subsidy payments and the pegging of wages. It will also be seen that the steepest rise in the combined index to 1610 in the September quarter of 1949 occurred within about the last two years. Reference to the main causes of the price rise in the last few years may be found in Chapter II and passim throughout this report.

Compared with the rise in the cost of living in a number of other countries during the last ten years, Australian prices have been reasonably steady. This is shown in the following indices of the cost of living in a number of countries during the period since 1939. The table is issued by the Statistical Office of the United Nations :

Index numbers of the Cost of Living

1937=100

| Year | Australia | Canada | India | New Zealand | South Africa | United Kingdom* | U.S.A. |
|------|------------|--------|--------|-------------|--------------|-----------------|--------|
| 1939 | 105 | 100 | 100 | 107 | 104 | 103 | 97 |
| 1940 | 110 | 104 | 106 | 112 | 107 | 119 | 98 |
| 1941 | 115 | 110 | 117 | 116 | 112 | 129 | 102 |
| 1942 | 125 | 116 | 148 | 120 | 122 | 130 | 113 |
| 1943 | 129 | 117 | 218 | 123 | 129 | 129 | 120 |
| 1944 | 129 | 117 | 224 | 123 | 133 | 130 | 122 |
| 1945 | 129 | 118 | 222 | 123 | 137 | 132 | 125 |
| 1946 | 131 | 122 | 244 | 123 | 139 | 132 | 136 |
| 1947 | 136 | 134 | 263 | 127 | 145 | — | 155 |
| 1948 | 148 | 153 | 286 | 135 | 153 | 108* | 167 |
| 1949 | 164 | 160 | 290 | — | 159 | 112 | 164 |
| | (3rd qtr.) | (Nov.) | (Oct.) | | (Sept.) | (Nov.) | (Nov.) |

*The United Kingdom base for years after 1946 is 100 on 17th June, 1947.

The Australian basic wage is itself adjustable with the cost-of-living index, and is the minimum wage which may legally be paid to an adult male in any occupation subject to industrial arbitration. The next table shows the movement in recent basic weekly wage rates in the capital cities :

| Year | Sydney | Melbourne | Brisbane | Adelaide | Perth | Hobart |
|-----------------|--------|-----------|----------|----------|-------|--------|
| | s. | s. | s. | s. | s. | s. |
| 1948 | | | | | | |
| 1st February .. | 114 | 113 | 107 | 108 | 107 | 110 |
| 1st May .. | 116 | 115 | 110 | 111 | 110 | 112 |
| 1st August .. | 120 | 117 | 113 | 114 | 112 | 115 |
| 1st November | 122 | 120 | 115 | 116 | 116 | 118 |
| 1949 | | | | | | |
| 1st February .. | 124 | 123 | 118 | 119 | 118 | 121 |
| 1st May .. | 127 | 125 | 119 | 121 | 120 | 124 |
| 1st August .. | 130 | 128 | 122 | 124 | 126 | 127 |
| 1st November | 132 | 130 | 125 | 126 | 129 | 128 |

At the end of May, 1949, the full Arbitration Court in Melbourne began its hearing of the claim by the Australian Council of Trade Unions for a basic wage of £10 per week. The A.C.T.U. based a large part of the case on the considerable growth in national income in recent years. In presenting evidence at the inquiry Professor Higgins of Melbourne claimed that the wage earners' share of the national income had declined to 56 per cent as compared with 60 per cent in pre-war days.

In practically all industrial groups the average nominal weekly hours of labour are now 40 hours ; in March, 1949, there was little variation between the highest and lowest hourly rates, paid in the main Australian industrial groups. The highest average nominal hourly wages were paid in the "books, printing, etc.," industrial group and amounted to 4s. 6½d. per hour. The lowest classified hourly rate was paid in the "domestic hotel, etc.," group and amounted to 3s. 7½d. The weighted average weekly for all groups in Australia was 158s. 9d. The following

table gives the average nominal hourly rates payable in the main industrial groups in Australia at 31st March, 1949.

| Industrial group | | | | Australian currency | |
|------------------|--------------------------------|----|----|---------------------|-----|
| | | | | s. | d. |
| I | Wood, furniture, etc. | .. | .. | 3 | 11½ |
| II | Engineering, metal works, etc. | .. | .. | 3 | 11½ |
| III | Food, drink, etc. | .. | .. | 3 | 10½ |
| IV | Clothing, textiles, etc. | .. | .. | 3 | 10½ |
| V | Books, printing, etc. | .. | .. | 4 | 6½ |
| VI | Other manufacturing | .. | .. | 3 | 11 |
| VII | Building | .. | .. | 4 | 4½ |
| VIII | Mining | .. | .. | 4 | 2 |
| IX | Rail and tram services | .. | .. | 3 | 11½ |
| X | Other land transport | .. | .. | 3 | 8½ |
| XI | Shipping, etc. | .. | .. | — | |
| XII | Pastoral, agricultural, etc. | .. | .. | — | |
| XIII | Domestic, hotels, etc. | .. | .. | 3 | 7½ |
| XIV | Miscellaneous | .. | .. | 3 | 9½ |
| | All groups (weekly wage) | .. | .. | 158 | 9 |

Between 1938/39 and 1948/49 the average hourly rates in all industrial groups increased by over 80 per cent. The following table shows that the weekly wage rate index of nominal rates for adult males (average of the 3 years ended June, 1939, equals 1000) reached 1818 by the June quarter of 1949.

| Period | Index of nominal weekly rates, adult males |
|-----------------------|--|
| 1938/39 | 1044 |
| 1942/43 | 1288 |
| 1943/44 | 1329 |
| 1944/45 | 1333 |
| 1945/46 | 1343 |
| 1946/47 | 1423 |
| 1947/48 | 1565 |
| 1948/49 | 1757 |
| June quarter, 1949 .. | 1818 |

APPENDIX I

National Income and Expenditure

(Million £A)

| | 1938/39 | 1945/46 | 1946/47 | 1947/48 | 1948/49 |
|---|---------|---------|---------|---------|---------|
| <i>Income payments and other charges :</i> | | | | | |
| Wages, salaries, pay of members of forces, etc. | 444 | 788 | 776 | 904 | 1,055 |
| Company income | 84 | 131 | 155 | 180 | 200 |
| Surplus of public authority business undertakings | 32 | 37 | 25 | 18 | 5 |
| Income of unincorporated businesses, farms, professions, etc. | 161 | 245 | 300 | 540 | 580 |
| Net rent and interest— | | | | | |
| Dwellings | 59 | 67 | 68 | 70 | 73 |
| Other | 34 | 31 | 34 | 41 | 42 |
| National income | 814 | 1,299 | 1,358 | 1,753 | 1,955 |
| Indirect taxes less subsidies | 90 | 132 | 176 | 174 | 221 |
| Allowances for depreciation, etc. | 45 | 60 | 64 | 71 | 80 |
| Gross national product | 949 | 1,491 | 1,598 | 1,998 | 2,256 |
| <i>Net Expenditure on Goods and Services :</i> | | | | | |
| Public authorities— | | | | | |
| Administration, etc. | 24 | 30 | 39 | 50 | 58 |
| Education, health, repatriation, etc. | 22 | 35 | 54 | 66 | 69 |
| New works and maintenance | 56 | 46 | 79 | 99 | 137 |
| War and defence | 13 | 230 | 86 | 25 | 74 |
| Total | 115 | 341 | 258 | 240 | 338 |
| Financial enterprises | 9 | 11 | 14 | 16 | 18 |
| Gross private investment | 140 | 205 | 325 | 460 | 400 |
| Personal consumption | 667 | 846 | 1,008 | 1,234 | 1,418 |
| Export and other receipts for goods and services | 154 | 179 | 293 | 429 | 563 |
| Total Market Expenditure | 1,085 | 1,582 | 1,898 | 2,379 | 2,737 |
| Less Import and other payments for goods and services | 136 | 91 | 300 | 381 | 481 |
| Gross national expenditure | 949 | 1,491 | 1,598 | 1,998 | 2,256 |

APPENDIX II

Income Tax and Social Services Contribution

Income from personal exertion—Person with dependent wife and one child

[illegible]

NOTES: (1) Dates shown are those from which new rates operated, e.g., amounts in last column are payable on incomes of current year ending 30th June, 1950.

(2) The Commonwealth Statistician estimated that in 1947/48 (assessed on income for 1946/47) 21.1 per cent of Australian tax payers received under £A200 per annum, 64.5 per cent between £A201 and £A500 per annum, 11.1 per cent between £A501 and £A1,000 per annum and 3.3 per cent over £A1,001 per annum; this shows a decrease of nearly 2 per cent in the under £A200 per annum group since 1946/47, an increase of about 1½ per cent in the £A201-£A500 group.

APPENDIX III

Commonwealth Revenue 1948/49 and 1949/50

(£A)

| | Actual revenue 1948/49 | Estimated revenue 1949/50 (a) | + Increase - Decrease |
|--|------------------------------|-------------------------------------|--------------------------|
| Taxation Revenue : | | | |
| Customs | 63,464,434 | 60,500,000 | - 2,964,434 |
| Excise | 62,734,781 | 64,000,000 | + 1,265,219 |
| Sales Tax | 39,029,276 | 35,000,000 | - 4,029,276 |
| Income Tax—Individuals | 109,214,020 | 96,000,000 | - 13,214,020 |
| Companies | 72,877,791 | 81,000,000 | + 8,122,209 |
| Social Services Contribution .. | 90,255,065 | 99,000,000 | + 8,744,935 |
| Pay-roll tax | 19,802,924 | 22,000,000 | + 2,197,076 |
| Land tax | 3,032,316 | 4,000,000 | + 967,684 |
| Estate duty | 4,740,362 | 5,000,000 | + 259,638 |
| Entertainments tax | 5,298,677 | 4,200,000 | - 1,098,677 |
| Gift duty | 581,463 | 500,000 | - 81,463 |
| Gold tax | Dr. 4,605 | — | + 4,605 |
| Total Taxation Revenue | 471,026,504 | 471,200,000 | + 173,496 |
| Surplus Balances of Trust Accounts .. | 17,000,000 | 6,700,000 | - 10,300,000 |
| Miscellaneous Revenue | 11,371,001 | 11,300,000 | - 71,001 |
| Business undertakings : | | | |
| Railways | 1,605,596 | 1,700,000 | + 94,404 |
| Post Office | 33,306,701 | 38,400,000 | + 5,093,299 |
| Broadcasting Services | (b) | 1,900,000 | + 1,900,000 |
| Territories | 738,499 | 800,000 | + 61,501 |
| Total Revenue (excluding Primary Production) .. | 535,048,301 | 532,000,000 | - 3,048,301 |
| Primary Production—Self-balancing items | 19,329,071 | 12,000,000 | - 7,329,071 |
| TOTAL REVENUE | 554,377,372 | 544,000,000 | - 10,377,372 |

(a) After allowing for proposed reductions in taxation costing £A7,300,000 in 1949/50.

(b) In 1948/49 revenue in respect of broadcasting services amounted to £A1,823,984 of which £A1,191,521 was included under Post Office and the balance was paid to the Wireless Broadcasting Trust Account.

APPENDIX IV

Commonwealth Expenditure from Revenue 1948/49 and 1949/50

(£A)

| | Actual Expenditure 1948/49 | Estimated Expenditure 1949/50 (a) | + Increase — Decrease |
|--|----------------------------------|---|--------------------------|
| Part I—Departments and General Services | | | |
| War and repatriation (1939/45) | 134,563,017 | 110,540,000 | —24,023,017 |
| Less amount paid from Loan Fund | — | 35,000,000 | +35,000,000 |
| | 134,563,017 | 75,540,000 | —59,023,017 |
| War and repatriation (1914/18) .. | 21,646,855 | 21,612,000 | — 34,855 |
| Defence services | 55,903,726 | 44,237,000 | —11,666,726 |
| Payments to National Welfare Fund | 110,057,990 | 121,000,000 | +10,942,010 |
| Other statutory payments | 5,093,952 | 4,778,000 | — 315,952 |
| Departmental | 27,920,937 | 28,009,000 | + 88,063 |
| Miscellaneous services .. | 9,336,590 | 12,573,000 | + 3,236,410 |
| Capital works and services (including defence works) | 27,268,779 | 51,190,000 | +23,921,221 |
| | 391,791,846 | 358,939,000 | —23,852,846 |
| Part II—Business Undertakings : | | | |
| Railways— | | | |
| Ordinary services | 2,594,320 | 2,806,000 | + 211,680 |
| Capital works and services .. | 223,161 | 450,000 | + 226,839 |
| Postmaster-General's Department— | | | |
| Ordinary services | 40,884,026 | 41,949,000 | + 1,064,974 |
| Capital works and services .. | 12,519,646 | 13,881,000 | + 1,361,354 |
| Broadcasting services— | | | |
| Ordinary services | 35,092 | 2,915,000 | + 2,879,908 |
| Capital works and services .. | — | 335,000 | + 335,000 |
| | 56,256,245 | 62,336,000 | + 6,079,755 |
| Part III—Territories (including capital works and services and debt charges) | 8,395,814 | 9,549,000 | + 1,153,186 |
| Part IV—Payments to or for the States | 78,604,396 | 101,176,000 | +22,571,604 |
| Total expenditure (excluding primary production) .. | 535,048,301 | 532,000,000 | — 3,048,301 |
| Part V—Primary Production—Self-balancing items | 19,329,071 | 12,000,000 | — 7,329,071 |
| TOTAL EXPENDITURE | 554,377,372 (b) | 544,000,000 (b) | —10,377,372 |

(a) After allowing for new expenditure proposals.

(b) Includes expenditure in respect of—

| | 1948/49 Actual £A | 1949/50 Estimate £A |
|-------------------------------|-------------------------|---------------------------|
| Capital works and services .. | 42,639,224 | 68,885,000 |
| Debt charges | 65,364,884 | 65,249,000 |

APPENDIX V

State Budget Details 1947/48

| | New South Wales | £A | £A |
|---|-----------------|------------|------------|
| Revenue | | | 88,181,115 |
| of which the main items were | | | |
| Railways | | 37,783,862 | |
| Tax reimbursements from the Commonwealth .. | | 18,540,934 | |
| Taxation | | 9,275,054 | |
| Tramways and omnibuses | | 7,854,362 | |
| Expenditure | | | 88,303,014 |
| of which the main items were | | | |
| Railways | | 30,526,327 | |
| Interest, exchange and loan management debt charges | | 12,160,828 | |
| Education | | 9,884,976 | |
| Tramways and omnibuses | | 8,153,468 | |
| Health | | 7,511,824 | |
| Budget deficit | | | 121,899 |

| | Victoria | |
|----------------------------------|------------|------------|
| Revenue | | 41,726,252 |
| of which the main items were | | |
| Railways | 16,308,631 | |
| Commonwealth State grant | 9,881,621 | |
| Loans—interest on | 2,533,581 | |
| Probate duty | 2,095,866 | |
| Expenditure | | 42,281,550 |
| of which the main items were | | |
| Railways | 17,507,930 | |
| Special appropriations | 8,795,184 | |
| Education | 5,622,588 | |
| Health | 2,073,311 | |
| Budget deficit | | 555,290 |

| | Queensland | |
|--|------------|------------|
| Revenue | | 26,819,848 |
| of which the main items were | | |
| Railways | 10,943,748 | |
| State grants, income tax reimbursements .. | 7,426,125 | |
| Expenditure | | 26,914,480 |
| of which the main items were | | |
| Railways | 10,337,005 | |
| Interest on public debt | 4,570,924 | |
| Department of Health and Home Affairs .. | 4,056,899 | |
| Budget deficit | | 94,632 |

APPENDIX V (*continued*)State Budget Details 1947/48 (*continued*)

| | £A | £A |
|---|-----------|------------|
| South Australia | | |
| Revenue | | 18,843,000 |
| of which the main items were | | |
| Railways | 5,048,000 | |
| Tax reimbursements | 3,890,000 | |
| Commonwealth grants | 3,022,000 | |
| Expenditure | | 19,156,000 |
| of which the main items were | | |
| Railways | 5,730,000 | |
| Interest payments | 3,850,000 | |
| Education | 2,038,000 | |
| Budget deficit | | 313,000 |
| <hr/> | | |
| Western Australia | | |
| Revenue | | 17,710,310 |
| of which the main items were | | |
| Public utilities | 6,621,226 | |
| Taxation | 4,984,181 | |
| Commonwealth | 3,450,432 | |
| Expenditure | | 18,062,392 |
| of which the main items were | | |
| Public utilities | 6,997,910 | |
| Expenditure under special acts | 4,826,367 | |
| Budget deficit | | 352,082 |
| <hr/> | | |
| Tasmania | | |
| Revenue | | 4,815,974 |
| of which the main items were | | |
| Taxation | 1,417,147 | |
| Income tax reimbursements from Commonwealth | 1,372,533 | |
| Special grant from Commonwealth | 747,000 | |
| Expenditure | | 5,101,882 |
| of which the main items were | | |
| Interest | 1,096,166 | |
| Education | 912,791 | |
| Social services and medical | 834,629 | |
| Budget deficit | | 285,908 |
| <hr/> | | |

APPENDIX VI

Livestock Population of Australia

(Figures given as at 31st March in '000)

| Description | Average 5 years ended 1939 | Average 5 years ended 1944 | 1945 | 1946 | 1947 | 1948 | 1949 |
|---|-------------------------------------|-------------------------------------|---------|--------|--------|---------|---------|
| Total Horses .. | 1,753 | 1,589 | 1,359 | 1,265 | 1,195 | 1,165 | 1,114 |
| Cattle : | | | | | | | |
| Dairy (in milk) . | 2,569 | 2,494 | 2,278 | 2,253 | 2,227 | 2,267 | 2,339 |
| Dairy (dry) .. | 664 | 733 | 862 | 771 | 786 | 818 | 818 |
| Other dairy .. | 10,245 | 10,390 | 1,675 | 1,585 | 1,579 | 1,661 | 1,703 |
| Beef cattle .. | | | 9,318 | 9,269 | 8,835 | 9,039 | 9,261 |
| Total cattle .. | | | 14,133 | 13,878 | 13,427 | 13,785 | 14,121 |
| Sheep : | | | | | | | |
| Lambs and hog- gets under one year .. | 21,426 | n.a. | 18,440 | 16,058 | 18,617 | 23,040 | 23,444 |
| Sheep—one year and over .. | 89,893 | n.a. | 86,931 | 80,338 | 77,106 | 79,519 | 85,284 |
| Total sheep and lambs .. | 111,319 | 122,995 | 105,371 | 96,396 | 95,723 | 102,559 | 108,728 |
| Total pigs .. | 1,182 | 1,608 | 1,631 | 1,426 | 1,273 | 1,255 | 1,196 |

APPENDIX VII

Value of Production (1947/48) by Main Groups of Industry

| Class | Value of Production £A |
|---|------------------------------|
| 1 Treatment of non-metalliferous mine and quarry products | 9,705,764 |
| 2 Bricks, pottery, glass, etc. | 9,353,896 |
| 3 Chemicals, dyes, explosives, paints, oils, grease | 28,640,600 |
| 4 Industrial metals, machines, conveyances | 181,309,282 |
| 5 Precious metals, jewellery, plate | 2,852,022 |
| 6 Textiles and textile goods (not dress) | 32,080,160 |
| 7 Skins and leather (not clothing or footwear) | 9,273,381 |
| 8 Clothing (except knitted) | 43,340,195 |
| 9 Food, drink and tobacco | 78,168,644 |
| 10 Sawmills, joinery, boxes, etc., wood turning and carving | 24,492,450 |
| 11 Furniture of wood, bedding, etc. | 9,097,591 |
| 12 Paper, stationery, printing, bookbinding, etc. | 29,593,069 |
| 13 Rubber | 6,446,148 |
| 14 Musical instruments | 401,950 |
| 15 Miscellaneous products | 9,801,475 |
| 16 Heat, light and power | 15,074,525 |
| Total | 489,631,152 |

APPENDIX VIII

Factory Employment by main groups of industry

| | Employees (a) | March, 1949 | | Increase 1939/49 | | |
|----|--|--------------------|---------|------------------|---------|----------|
| | | Average 1938/39 | Actual | Per cent | Actual | Per cent |
| | | | | | | |
| 1 | Treatment of non-metalliferous mine and quarry products | 9,983 | 14,355 | 1.7 | 4,372 | 43.8 |
| 2 | Bricks, pottery, glass, etc. | 15,355 | 18,408 | 2.2 | 3,053 | 19.9 |
| 3 | Chemicals, dyes, explosives, paints, oils, grease | 19,489 | 33,766 | 4.0 | 14,277 | 73.3 |
| 4 | Industrial metals, machines, implements and conveyances | 170,993 | 319,239 | 38.1 | 148,246 | 76.7 |
| 5 | Precious metals, jewellery and plate | 3,433 | 5,293 | 0.6 | 1,860 | 54.2 |
| 6 | Textiles and textile goods (not dress) | 45,439 | 62,537 | 7.5 | 17,098 | 37.6 |
| 7 | Skins and leather (not clothing or footwear) | 10,221 | 14,722 | 1.8 | 4,501 | 44.0 |
| 8 | Clothing (except knitted) | 81,645 | 107,920 | 12.9 | 26,275 | 32.2 |
| 9 | Food, drink and tobacco | 80,448 | 113,277 | 13.5 | 32,829 | 40.8 |
| 10 | Sawmills, joinery, boxes, etc., wood turning and carving | 28,604 | 42,028 | 5.0 | 13,424 | 46.9 |
| 11 | Furniture of wood, bedding, etc. | 14,120 | 17,196 | 2.0 | 3,076 | 21.8 |
| 12 | Paper, stationery, printing, book binding, etc. | 38,095 | 49,434 | 5.9 | 11,339 | 29.8 |
| 13 | Rubber | 7,258 | 11,270 | 1.3 | 4,012 | 55.3 |
| 14 | Musical instruments | 436 | 966 | 0.1 | 530 | 121.6 |
| 15 | Miscellaneous products | 7,384 | 16,459 | 2.0 | 9,075 | 122.9 |
| 16 | Heat, light and power | 9,267 | 12,100 | 1.4 | 2,833 | 30.6 |
| | | 542,170 | 838,970 | 100.0 | 296,800 | 54.7 |

(a) Excluding working proprietors.

APPENDIX IX

Wholesale price indices—Raw Materials—Australia, United Kingdom, U.S.A. and Canada

| Year | Australia | United Kingdom | U.S.A. | Canada |
|---------------|--------------|----------------|-------------|-------------|
| 1939 | 100 (August) | 100 | 100 | 100 |
| 1946 | 148 | 193 | 192 | 163 |
| 1947 .. . | 154 (July) | 230 | 235 | 194 |
| 1948 (May) .. | 177 | 300 | 253 | 231 |
| 1949 .. . | 192 | 302 (April) | 236 (April) | 240 (March) |

APPENDIX X

Index of earnings per hour of male factory workers in Australia, United Kingdom, U.S.A. and Canada

| Year | Australia | United Kingdom | U.S.A. | Canada |
|---------|-----------------|------------------|-------------|-------------|
| 1939 .. | 100 (1938/39) | 100 (Oct., 1938) | 100 | 100 |
| 1946 .. | 153 (1946/47) | 175 (October) | 171 | 141 |
| 1947 .. | 184 (1947/48) | 190 (October) | 193 | 161 |
| 1948 .. | 197 (May, 1948) | 204 (October) | 210 | 183 |
| 1949 .. | 219 (May) | | 217 (March) | 195 (March) |

APPENDIX XI

Commonwealth Statistician's Export Price Index

Base in each Section—Average of 3 years ended June, 1939 = 1000

| Years | Wool | Wheat | Butter | Metals | Meats | Sugar | Dried fruits | Tallow | Hides | Gold | All groups | |
|-----------|------|-------|--------|--------|-------|-------|--------------|--------|-------|------|---------------------|---------------------|
| | | | | | | | | | | | Exclud- ing gold | Includ- ing gold |
| 1939/40 | 978 | 819 | 1077 | 918 | 1022 | 1255 | 943 | 762 | 1202 | 1184 | 964 | 980 |
| 1940/41 | 1013 | 1016 | 1095 | 945 | 1032 | 1370 | 953 | 817 | 975 | 1214 | 1026 | 1039 |
| 1941/42 | 1013 | 1045 | 1095 | 1005 | 1092 | 1372 | 1058 | 1139 | 1325 | 1201 | 1047 | 1058 |
| 1942/43 | 1165 | 1055 | 1140 | 1004 | 1122 | 1519 | 1116 | 1192 | 1447 | 1188 | 1137 | 1141 |
| 1943/44 | 1165 | 1155 | 1140 | 1127 | 1132 | 1585 | 1207 | 1231 | 1514 | 1188 | 1170 | 1171 |
| 1944/45 | 1165 | 1536 | 1474 | 1286 | 1218 | 1715 | 1282 | 1447 | 1474 | 1204 | 1304 | 1297 |
| 1945/46 | 1165 | 2130 | 1474 | 1956 | 1234 | 2130 | 1375 | 1519 | 1518 | 1223 | 1477 | 1459 |
| 1946/47 | 1690 | 3046 | 1734 | 3076 | 1393 | 2644 | 1523 | 3038 | 3344 | 1223 | 2066 | 2007 |
| 1947/48 | 2901 | 4192 | 1935 | 3723 | 1464 | 3203 | 1566 | 3607 | 3643 | 1223 | 2968 | 2847 |
| 1948/49 | | | | | | | | | | | | |
| July | 3470 | 4710 | 2330 | 4388 | 1554 | 3402 | 1572 | 3797 | 3391 | 1223 | 3451 | 3296 |
| August | 3470 | 4609 | 2330 | 4427 | 1554 | 3402 | 1572 | 3797 | 3365 | 1223 | 3436 | 3281 |
| September | 3545 | 4480 | 2330 | 4380 | 1554 | 3402 | 1572 | 3797 | 3417 | 1223 | 3446 | 3291 |
| October | 3281 | 4414 | 2330 | 4728 | 1757 | 3402 | 1572 | 4172 | 3847 | 1223 | 3350 | 3200 |
| November | 3658 | 4385 | 2330 | 4687 | 1757 | 3202 | 1572 | 4172 | 4186 | 1223 | 3529 | 3369 |
| December | 3997 | 4340 | 2330 | 4805 | 1757 | 3402 | 1572 | 4172 | 4199 | 1223 | 3696 | 3524 |
| January | 3997 | 4242 | 2330 | 5508 | 1757 | 3450 | 1572 | 4172 | 4421 | 1223 | 3733 | 3557 |
| February | 4111 | 4218 | 2330 | 5313 | 1757 | 3450 | 1572 | 4172 | 4711 | 1223 | 3777 | 3599 |
| March | 4111 | 4218 | 2330 | 5347 | 1757 | 3450 | 1707 | 4172 | 4682 | 1223 | 3785 | 3606 |
| April | 3319 | 4218 | 2330 | 4580 | 1757 | 3450 | 1707 | 4172 | 4822 | 1223 | 3329 | 3182 |
| May | 3356 | 4218 | 2330 | 4524 | 1757 | 3450 | 1716 | 4172 | 4812 | 1223 | 3347 | 3199 |
| June | 3394 | 3640 | 2330 | 4486 | 1757 | 3450 | 1716 | 4172 | 4617 | 1223 | 3255 | 3113 |
| 1949 | | | | | | | | | | | | |
| July | 3394 | 3626 | 2504 | 3298 | 1862 | 3450 | 1716 | 4172 | 4428 | 1223 | 3193 | 3056 |
| August | 3470 | 3674 | 2504 | 3696 | 1862 | 3450 | 1716 | 4172 | 4460 | 1223 | 3268 | 3126 |
| September | 3894 | 3767 | 2504 | 3883 | 1862 | 3450 | 1716 | 4172 | 4512 | 1438 | 3262 | 3135 |
| October | 3884 | 3778 | 2504 | 4538 | 2004 | 3450 | 1716 | 3049 | 4656 | 1761 | 3556 | 3431 |
| November | 4186 | 3776 | 2504 | 4406 | 2004 | 3450 | 1716 | 3049 | 4819 | 1761 | 3695 | 3561 |

APPENDIX XII

Changes in employment in main industrial groups between 1939 and 1949

Persons

(Thousands)

| | July 1939 | June 1946 | June 1947 | June 1948 | March 1949 | April 1949 | July 1949 |
|----------------------------------|-----------|-----------|-----------|-----------|------------|------------|-----------|
| Forestry, Fishing and Trapping | .. | .. | .. | .. | .. | .. | .. |
| Mining— | .. | .. | .. | .. | .. | .. | .. |
| Gold .. | 24.2 | 24.3 | 26.6 | 27.5 | 28.5 | 28.5 | 27.7 |
| Silver, lead .. | 15.5 | 9.4 | 10.1 | 9.5 | 8.8 | 8.8 | 8.7 |
| Coal .. | 6.5 | 6.1 | 7.0 | 7.9 | 7.9 | 7.9 | 8.0 |
| Other (including quarries) .. | 22.2 | 24.8 | 25.0 | 26.3 | 26.5 | 26.4 | 7.7 |
| .. | 8.3 | 9.0 | 9.4 | 9.6 | 9.6 | 9.7 | 9.3 |
| Total Mining and Quarrying | 52.5 | 49.3 | 51.5 | 53.3 | 52.8 | 52.7 | 33.7 |
| Manufacturing, etc.— | .. | .. | .. | .. | .. | .. | .. |
| Factories .. | 539.7 | 750.5 | 793.1 | 822.6 | 839.0 | 837.8 | 747.9 |
| Other .. | 85.4 | 68.1 | 68.8 | 71.8 | 73.0 | 73.1 | 73.3 |
| Total Manufacturing | 625.1 | 818.6 | 861.9 | 894.4 | 912.0 | 910.9 | 821.2 |
| Building and Construction : | .. | .. | .. | .. | .. | .. | .. |
| Building (privately employed) .. | 150.9 | 65.1 | 80.9 | 88.3 | 92.3 | 92.4 | 89.5 |
| Other .. | .. | 62.2 | 77.4 | 82.4 | 88.3 | 89.3 | 94.6 |
| Total Building and Construction | 150.9 | 127.3 | 158.3 | 170.7 | 180.6 | 181.7 | 184.1 |
| Transport and Communication : | .. | .. | .. | .. | .. | .. | .. |
| Road transport .. | 51.7 | 71.9 | 83.4 | 88.9 | 90.4 | 91.3 | 89.5 |
| Shipping and stevedoring .. | 36.2 | 43.0 | 44.3 | 45.4 | 47.3 | 46.8 | 47.4 |
| Rail and air transport .. | 75.5 | 98.6 | 101.1 | 104.3 | 106.8 | 107.0 | 106.6 |
| Communication .. | 35.1 | 56.7 | 60.0 | 66.3 | 69.3 | 69.9 | 72.7 |
| Total Transport, etc. | 198.5 | 270.2 | 288.8 | 304.9 | 313.8 | 315.0 | 316.2 |

APPENDIX XII (continued)

Changes in employment in main industrial groups between 1939 and 1949 (continued)

Persons (continued)
(Thousands)

| | July 1939 | June 1946 | June 1947 | June 1948 | March 1949 | April 1949 | July 1949 |
|--|--------------|--------------|--------------|--------------|---------------|---------------|--------------|
| Property and Finance (including Banks and Insurance) | 60.6 | 63.6 | 70.1 | 73.6 | 76.8 | 77.0 | 77.3 |
| Commerce—Wholesale trade .. | .. | 99.4 | 112.7 | 121.4 | 127.4 | 126.8 | 125.3 |
| Primary produce dealing .. | .. | 21.2 | 22.1 | 23.6 | 24.6 | 24.8 | 22.8 |
| Retail trade .. | .. | 202.8 | 220.0 | 232.6 | 236.4 | 236.4 | 232.5 |
| Total Commerce .. | 314.0 | 323.4 | 354.8 | 377.6 | 388.4 | 388.0 | 380.6 |
| Public Authority Activity n.e.i. .. | 41.8 | 101.8 | 107.8 | 109.3 | 110.7 | 110.8 | 114.0 |
| Other: | | | | | | | |
| Law and order .. | 21.6 | 21.6 | 23.3 | 24.6 | 25.9 | 26.1 | 26.3 |
| Religion and social welfare .. | 17.2 | 20.3 | 20.5 | 20.4 | 20.4 | 20.4 | 20.4 |
| Health services .. | 51.8 | 71.5 | 79.0 | 84.1 | 86.3 | 87.0 | 87.5 |
| Education .. | 54.1 | 60.5 | 63.7 | 65.7 | 67.0 | 67.2 | 67.4 |
| Other professional .. | 16.5 | 15.3 | 17.8 | 19.4 | 20.3 | 20.4 | 20.3 |
| Entertainment, sport .. | 21.4 | 23.9 | 25.3 | 26.1 | 27.0 | 27.1 | 26.0 |
| Personal service .. | 80.0 | 110.9 | 119.6 | 123.3 | 126.1 | 126.4 | 117.1 |
| Total, Other .. | 262.6 | 324.0 | 349.2 | 363.6 | 373.0 | 374.6 | 365.0 |
| Total .. | 1,730.2 | 2,102.5 | 2,269.0 | 2,374.9 | 2,436.6 | 2,439.2 | 2,319.8 |

APPENDIX XIII

Labour Turnover for Manual and Clerical Workers by Industries

March, 1949

| Industry | Male | | | | Female | | | |
|---------------------------------------|-------------|-------------|----------------|-------------|-------------|-------------|----------------|-------------|
| | Manual | | Clerical, etc. | | Manual | | Clerical, etc. | |
| | Engagements | Separations | Engagements | Separations | Engagements | Separations | Engagements | Separations |
| | per cent | per cent | per cent | per cent | per cent | per cent | per cent | per cent |
| Manufacturing : | | | | | | | | |
| Stone, earthenware, glass | 10.1 | 7.9 | 1.6 | 0.8 | 4.2 | 4.2 | 1.5 | 1.3 |
| Engineering, metals | 8.9 | 8.5 | 1.5 | 1.5 | 12.9 | 11.2 | 4.7 | 3.7 |
| Vehicles | 8.7 | 6.4 | 1.8 | 0.9 | 17.1 | 10.3 | 5.9 | 2.9 |
| Textiles | 8.7 | 9.1 | 1.1 | 0.9 | 9.7 | 9.1 | 5.3 | 3.4 |
| Clothing | 5.6 | 5.0 | 2.4 | 1.2 | 5.9 | 5.0 | 1.8 | 1.6 |
| Food, drink, tobacco | 12.1 | 10.2 | 2.4 | 1.7 | 27.9 | 21.7 | 4.4 | 6.1 |
| Furniture, sawmilling, woodworking | 11.4 | 11.6 | 1.7 | 2.0 | 7.7 | 5.6 | 7.1 | 3.1 |
| Paper, printing | 6.3 | 4.5 | 2.1 | 1.2 | 8.6 | 6.6 | 3.6 | 2.5 |
| Chemicals, dyes, etc. | 6.1 | 4.4 | 1.7 | 1.2 | 3.2 | 3.1 | 3.3 | 2.5 |
| Leather, rubber | 7.9 | 7.4 | 2.8 | 0.8 | 8.3 | 3.1 | 1.0 | 9.3 |
| Gas and electricity supply | 3.9 | 3.5 | 0.2 | 0.4 | — | — | 2.6 | 4.5 |
| Other manufacturing | 12.4 | 14.8 | 2.1 | 2.0 | 22.6 | 21.2 | 2.9 | 1.7 |
| All manufacturing | 9.3 | 8.5 | 1.8 | 1.4 | 10.9 | 8.9 | 3.9 | 3.4 |
| Mining | 3.8 | 3.4 | 0.4 | 1.0 | — | — | 4.4 | 2.1 |
| Building | 11.7 | 10.7 | 1.1 | 0.2 | — | — | 8.8 | 8.5 |
| Road transport | 6.5 | 6.7 | 5.9 | 0.8 | — | — | 0.1 | 0.5 |
| Rail and air transport | 6.4 | 5.3 | 6.0 | 5.0 | — | — | 3.0 | 2.4 |
| Banks | 2.2 | 1.9 | 2.4 | 0.7 | 5.5 | 3.1 | 5.8 | 1.9 |
| Insurance and other finance | 3.2 | 3.7 | 3.4 | 1.6 | 2.8 | 3.5 | 7.7 | 10.3 |
| Wholesale trade | 6.6 | 5.6 | 3.3 | 2.5 | 5.3 | 4.9 | 12.4 | 10.6 |
| Retail trade | 6.6 | 5.1 | 4.4 | 4.8 | 5.3 | 5.5 | 8.8 | 6.6 |
| Professional service | 7.0 | 3.6 | 2.8 | 0.8 | 1.5 | 1.0 | 3.6 | 5.1 |
| Personal service, entertainment, etc. | 13.4 | 11.3 | 4.0 | 5.5 | 12.9 | 12.1 | 18.4 | 13.9 |
| All industry | 8.9 | 8.0 | 3.0 | 2.3 | 10.7 | 9.0 | 8.5 | 7.1 |

APPENDIX XIV Industrial Disputes : Australia

| Year | Manufacturing (Groups I to VI) | Building (Group VII) | Mining (Group VIII) | | Transport land and sea (Groups IX to XI) | Miscellaneous (Groups XII to XIV) | All groups |
|----------------------------|-----------------------------------|-------------------------|---------------------|--------------|--|---|---------------|
| | | | Coal mining | Other mining | | | |
| Number | 20 | 3 | 362 | 4 | 6 | 21 | 416 |
| 1939 | 179 | 13 | 550 | 4 | 22 | 17 | 785 |
| 1943 | 199 | 11 | 660 | 8 | 40 | 23 | 941 |
| 1944 | 159 | 3 | 693 | 4 | 74 | 12 | 945 |
| 1945 | 92 | 6 | 684 | 3 | 71 | 13 | 869 |
| 1946 | 69 | 16 | 818 | 1 | 69 | 9 | 982 |
| 1947 | 59 | 13 | 970 | 2 | 65 | 24 | 1,133 |
| 1948 | | | | | | | |
| Workpeople Involved | 8,818 | 57 | 137,792 | 900 | 2,017 | 3,246 | 152,830 |
| 1939 | 106,943 | 19,976 | 148,649 | 1,865 | 12,293 | 6,377 | 296,103 |
| 1943 | 65,629 | 1,494 | 158,838 | 6,452 | 36,473 | 7,472 | 276,358 |
| 1944 | 56,833 | 351 | 194,806 | 2,072 | 59,032 | 2,844 | 315,938 |
| 1945 | 55,225 | 554 | 163,954 | 669 | 126,378 | 1,768 | 348,548 |
| 1946 | 35,475 | 39,114 | 192,390 | 500 | 58,483 | 1,175 | 327,137 |
| 1947 | 17,337 | 2,612 | 197,712 | 1,360 | 91,430 | 4,586 | 315,037 |
| 1948 | | | | | | | |
| Working Days Lost | 108,709 | 563 | 291,067 | 3,805 | 35,016 | 19,994 | 459,154 |
| 1939 | 407,524 | 125,247 | 326,231 | 39,764 | 79,529 | 11,856 | 990,151 |
| 1943 | 340,604 | 21,204 | 389,582 | 60,486 | 74,913 | 25,963 | 912,752 |
| 1944 | 1,226,326 | 1,181 | 611,312 | 24,321 | 159,414 | 97,087 | 2,119,641 |
| 1945 | 993,830 | 5,552 | 350,366 | 3,570 | 590,159 | 4,367 | 1,947,844 |
| 1946 | 559,524 | 159,443 | 357,747 | 5,000 | 251,251 | 5,763 | 1,338,728 |
| 1947 | 156,009 | 10,099 | 468,994 | 32,000 | 973,497 | 14,739 | 1,655,338 |
| 1948 | | | | | | | |
| Estimated Loss in Wages | £A 83,540 | £A 424 | £A 335,033 | £A 4,728 | £A 22,114 | £A 9,877 | £A 455,716 |
| 1939 | 385,848 | 149,344 | 480,008 | 46,900 | 82,941 | 8,465 | 1,153,506 |
| 1943 | 347,656 | 23,129 | 576,360 | 64,709 | 79,425 | 20,450 | 1,111,729 |
| 1944 | 1,354,777 | 1,447 | 907,663 | 40,518 | 178,025 | 85,014 | 2,567,444 |
| 1945 | 1,082,683 | 7,120 | 533,202 | 4,525 | 658,085 | 4,532 | 2,290,147 |
| 1946 | 713,407 | 238,939 | 566,115 | 7,000 | 364,395 | 8,229 | 1,898,085 |
| 1947 | 242,748 | 16,719 | 871,373 | 60,932 | 1,070,525 | 22,121 | 2,284,418 |
| 1948 | | | | | | | |

APPENDIX XV

Working Days Lost

Analysis by causes of disputes

| Causes of Disputes | 1939 | 1942 | 1943 | 1944 | 1945 | 1946 | 1947 | 1948 |
|--|---------|---------|---------|---------|-----------|-----------|-----------|-----------|
| Wages : | | | | | | | | |
| (a) Increase | 24,115 | 7,403 | 44,079 | 14,630 | 149,901 | 555,529 | 345,453 | 776,298 |
| (b) Against decrease | 4,472 | 13,991 | 44 | 450 | 142 | — | 3,548 | 361 |
| (c) Other wage questions . . | 67,550 | 98,669 | 154,339 | 124,256 | 191,194 | 72,473 | 166,918 | 185,499 |
| Hours of Labour : | | | | | | | | |
| (a) For reduction | 21,636 | 85 | 13,248 | 72 | 153,023 | 15,246 | 1,601 | 320 |
| (b) Other disputes re hours . . | 10,752 | 2,607 | 27,351 | 30,444 | 11,852 | 63,936 | 116,122 | 52,563 |
| Trade Unionism : | | | | | | | | |
| (a) Against employment of non-unionists | 63 | 5,583 | 49,398 | 10,118 | 7,877 | 232 | 47,264 | 133 |
| (b) Other Union questions . . | 52,086 | 9,179 | 43,851 | 29,203 | 168,105 | 47,419 | 48,092 | 33,710 |
| Employment of Particular Classes of Persons | 81,101 | 98,658 | 274,102 | 179,521 | 892,051 | 699,542 | 182,650 | 227,800 |
| Working Conditions | 108,409 | 66,348 | 96,171 | 215,546 | 206,798 | 325,686 | 123,976 | 127,064 |
| Sympathy | 2,600 | 12,593 | 16,436 | 81,533 | 149,771 | 95,248 | 34,113 | 108,933 |
| Other Causes | 86,370 | 63,079 | 271,132 | 226,979 | 188,927 | 72,533 | 268,991 | 142,657 |
| Total | 459,154 | 378,195 | 990,151 | 912,752 | 2,119,641 | 1,947,844 | 1,338,728 | 1,655,338 |

APPENDIX XVI

Value of Principal Commodities imported during the years ended
June, 1948 and 1949

Total Imports

(£A'000—f.o.b.)

| Particulars | Year | |
|---|---------------|---------------|
| | 1947/48 | 1948/49 |
| CLASS I—Foodstuffs, Animal Origin : | | |
| Fish— | | |
| Preserved in tins | 2,298 | 2,443 |
| Fresh, smoked, potted, etc. | 846 | 895 |
| Meats— | | |
| Preserved in tins | 2 | 22 |
| Potted or concentrated | 56 | 23 |
| Sausage casings | 294 | 358 |
| Other | 3 | 2 |
| Milk and cream | 7 | 15 |
| Other animal foodstuffs | 190 | 201 |
| Total—Class I | 3,696 | 3,959 |
| CLASS II—Foodstuffs, Vegetable Origin : | | |
| Caramel, and cocoa butter | 660 | 732 |
| Cocoa and chocolate | 2,437 | 1,916 |
| Coffee and chicory | 368 | 506 |
| Confectionery | 93 | 198 |
| Fruits— | | |
| Dried | 254 | 240 |
| Fresh | 1 | 2 |
| Fruits and vegetables preserved in liquid | 3 | 23 |
| Ginger | 16 | 15 |
| Grain and pulse— | | |
| Unprepared | 272 | 499 |
| Prepared | 10 | 15 |
| Liquorice | 51 | 45 |
| Mustard | 2 | 1 |
| Nuts, edible | 924 | 771 |
| Pickles and sauces | 27 | 55 |
| Sago and tapioca | 326 | 133 |
| Seeds—Canary, hemp, rape, etc. | 53 | 18 |
| Spices | 456 | 333 |
| Sugar and products | 55 | 48 |
| Tea | 10,190 | 8,117 |
| Other vegetable foodstuffs | 323 | 266 |
| Total—Class II | 16,521 | 13,933 |
| CLASS III—Spirituous Liquors : | | |
| Ale, beer, porter, cider and perry | 49 | 210 |
| Spirits (beverages)— | | |
| Brandy | 73 | 109 |
| Gin | 27 | 49 |
| Rum | 8 | 14 |
| Whisky | 497 | 430 |
| Other including liqueurs and bitters | 46 | 78 |
| Wine, fermented— | | |
| Sparkling | 54 | 67 |
| Other | 8 | 27 |
| Total—Class III | 762 | 984 |

APPENDIX XVI (continued)

Total Imports (continued)

(£A'000—f.o.b.)

| Particulars | Year | |
|--|---------|---------|
| | 1947/48 | 1948/49 |
| CLASS IV—Tobacco : | | |
| Tobacco— | | |
| Manufactured | 250 | 389 |
| Unmanufactured | 5,692 | 5,113 |
| Cigars | 45 | 51 |
| Cigarettes | 1,734 | 3,628 |
| Total—Class IV .. . | 7,721 | 9,181 |
| CLASS V—Live Animals | 385 | 487 |
| CLASS VI—Animal Substances : | | |
| Glue and glue pieces | 12 | 12 |
| Gut—Imitation and natural | 91 | 17 |
| Hair and fibres | 439 | 483 |
| Hides and skins— | | |
| Calf, cattle and horse | 216 | 81 |
| Sheep | 169 | 58 |
| Other | 1,003 | 855 |
| Silk, raw | 436 | 408 |
| Wool | 896 | 822 |
| Other animal substances | 178 | 186 |
| Total—Class VI .. . | 3,440 | 2,922 |
| CLASS VII—Vegetable Substances : | | |
| Copra | 789 | 1,399 |
| Cork manufactures | 314 | 293 |
| Fibres— | | |
| Cotton, raw | 3,266 | 3,973 |
| Flax and hemp | 837 | 1,056 |
| Kapok | 330 | 434 |
| Synthetic fibres and filaments | 140 | 393 |
| Other | 869 | 747 |
| Grass and straw | 161 | 140 |
| Gums and resins | 1,018 | 753 |
| Plastic materials | 1,657 | 1,528 |
| Seeds— | | |
| Gardening, horticultural.. .. . | 267 | 343 |
| Linseed | 942 | 1,414 |
| Other | 136 | 162 |
| Tanning substances.. .. . | 524 | 366 |
| Other vegetable substances | 220 | 148 |
| Total—Class VII .. . | 11,470 | 13,149 |

APPENDIX XVI (continued)

Total Imports (continued)

(£A'000—f.o.b.)

| Particulars | Year | |
|---|---------|---------|
| | 1947/48 | 1948/49 |
| CLASS VIII—Apparel, Textiles and Manufactured Fibres: | | |
| (a) Yarns and Manufactured Fibres— | | |
| Bags and sacks— | | |
| Chaff, bran and fodder | 914 | 388 |
| Corn and flour | 8,516 | 9,856 |
| Woolpacks | 3,076 | 1,988 |
| Other | 114 | 306 |
| Cordage and twines | 400 | 571 |
| Sewing and other cottons | 1,156 | 2,316 |
| Yarns— | | |
| Cotton | 4,015 | 4,122 |
| Rayon | 4,328 | 5,224 |
| Silk | 6 | 4 |
| Wool | 81 | 469 |
| Other | 266 | 369 |
| Total—Class VIII (a) .. | 22,872 | 25,613 |
| (b) Textiles— | | |
| Carpets, linoleums, etc. | 7,187 | 8,652 |
| Cosies, cushions, d'oyleys, etc. | 314 | 159 |
| Handkerchiefs, serviettes, etc. | 1,879 | 1,599 |
| Piece-goods— | | |
| Canvas and duck | 1,100 | 1,350 |
| Cotton and linen | 27,010 | 30,978 |
| Hessian and other jute | 2,240 | 2,263 |
| Silk, including rayon | 20,186 | 17,055 |
| Velvets, velveteens, etc. | 1,006 | 822 |
| Woollens | 1,347 | 4,151 |
| Other | 1,803 | 2,306 |
| Quilts, tablecovers, sheets, etc. | 318 | 348 |
| Towels and towelling | 1,138 | 2,482 |
| Other textiles | 812 | 920 |
| Total—Class VIII (b) .. | 66,340 | 73,085 |
| (c) Apparel and Attire— | | |
| Blouses, skirts, costumes, etc.— | | |
| Knitted | 261 | 888 |
| Other than knitted | 201 | 395 |
| Boots and shoes | 328 | 837 |
| Buttons | 178 | 143 |
| Furs and other skins | 38 | 63 |
| Gloves | 743 | 633 |
| Hats and caps | 448 | 558 |
| Socks and stockings | 693 | 2,645 |
| Shirts, collars, ties, etc. | 60 | 324 |
| Trimmings and ornaments | 2,734 | 2,255 |
| Other apparel and attire | 1,169 | 1,752 |
| Total—Class VIII (c) .. | 6,853 | 10,493 |

APPENDIX XVI (continued)

Total Imports (continued)

(£A'000—f.o.b.)

| Particulars | Year | |
|--|---------------|---------------|
| | 1947/48 | 1948/49 |
| CLASS IX—Oils, Fats, and Waxes : | | |
| Fats and waxes, etc. | 774 | 531 |
| Oils— | | |
| Kerosene | 3,623 | 4,050 |
| Linseed | 1,376 | 1,838 |
| Lubricating (mineral) | 3,034 | 3,713 |
| Olive | 243 | 281 |
| Petroleum | 16,592 | 21,336 |
| Residual | 6,133 | 8,241 |
| Turpentine and substitutes | 386 | 478 |
| Other | 2,596 | 2,619 |
| Total—Class IX | 34,757 | 43,096 |
| CLASS X—Paints and Varnishes : | | |
| Paints and colours | 1,601 | 1,874 |
| Varnishes, stains, etc. | 38 | 34 |
| Total—Class X | 1,639 | 1,908 |
| CLASS XI—Stones and Minerals : | | |
| Asphalt, bitumen and pitch | 820 | 343 |
| Stones— | | |
| Abrasives | 252 | 345 |
| Other | 47 | 34 |
| Other minerals, etc. | 1,718 | 2,901 |
| Total—Class XI | 2,837 | 3,623 |
| CLASS XII—Metals, Metal Manufactures and Machinery: | | |
| (a) Metals and Metal Manufactures— | | |
| Alloys | 345 | 506 |
| Aluminium blocks, ingots, etc. | 484 | 1,324 |
| Bolts, nuts, rivets and washers | 101 | 194 |
| Leaf and foil | 424 | 358 |
| Iron and steel— | | |
| Bars, rods, hoops, ingots, etc. | 645 | 1,383 |
| Beams, etc. | 1 | 77 |
| Pig and scrap, etc. | 3 | 2 |
| Pipes and tubes and fittings | 219 | 391 |
| Plate and sheet— | | |
| Galvanised, etc. | — | 20 |
| Plain | 904 | 1,474 |
| Tinned | 5,391 | 7,033 |
| Nails | 87 | 75 |
| Pins, hooks, eyes, crochet hooks | 596 | 622 |
| Wire—Iron and steel | 474 | 975 |
| Rails, fishplates, fishbolts, etc. | 19 | 1 |
| Lamps and lampware | 240 | 444 |
| Platedware and cutlery | 2,136 | 1,528 |
| Tools of trade | 2,361 | 2,294 |
| Vehicles— | | |
| Aircraft and parts | 1,537 | 3,401 |
| Cycles and cycle parts | 738 | 638 |
| Motor vehicles— | | |
| Bodies and parts | 2,479 | 5,867 |
| Motor-cycles, side-cars, etc. | 1,608 | 2,439 |
| Other and parts | 960 | 1,275 |
| Other metals and manufactures | 6,789 | 9,277 |
| Total—Class XII (a) | 46,812 | 70,035 |

APPENDIX XVI (continued)

Total Imports (continued)

(£A'000—f.o.b.)

| Particulars | Year | |
|--|---------|---------|
| | 1947/48 | 1948/49 |
| CLASS XII—Metals, Metal Manufactures and Machinery (continued): | | |
| (b) Electrical Appliances and Equipment— | | |
| Batteries and accumulators | 107 | 160 |
| Cable and wire, covered | 1,813 | 3,981 |
| Dynamo electric machines | 2,232 | 3,866 |
| Lamps, filament | 425 | 535 |
| Telegraph and telephone instruments, etc. | 1,385 | 3,533 |
| Electrical machinery and appliances | 4,346 | 5,137 |
| Total—Class XII (b) .. | 10,308 | 17,212 |
| (c) Machines and Machinery (except Dynamo Electric)— | | |
| Implements and machinery— | | |
| Agricultural, horticultural, etc. | 878 | 805 |
| Dairying | 489 | 586 |
| Metal-working | 4,253 | 3,312 |
| Mining | 894 | 1,875 |
| Motive-power (excluding electric) | 8,507 | 14,663 |
| Printing | 796 | 1,626 |
| Roller and ball bearings | 1,547 | 1,609 |
| Machines— | | |
| Sewing | 1,277 | 1,871 |
| Sheep-shearing | 59 | 55 |
| Weighing | 125 | 143 |
| Textile-working and appliances | 1,810 | 3,248 |
| Other machines and machinery | 7,624 | 11,028 |
| Total—Class XII (c) .. | 28,259 | 40,821 |
| Total—Class XII | 85,379 | 128,068 |
| CLASS XIII—Rubber and Leather and Manufactures thereof: | | |
| (a) Rubber and Rubber Manufactures— | | |
| Crude rubber, waste and masticated | 2,975 | 3,334 |
| Rubber manufactures— | | |
| Elastic, rubber tread | 1,109 | 529 |
| Rubber tyres, pneumatic and other | 362 | 1,799 |
| Other | 478 | 635 |
| Total—Class XIII (a) .. | 4,924 | 6,297 |
| (b) Leather and Manufactures— | | |
| Leather | 323 | 245 |
| Leather manufactures | 105 | 154 |
| Total—Class XIII (b) .. | 428 | 399 |
| Total—Class XIII .. | 5,352 | 6,696 |

APPENDIX XVI (*continued*)Total Imports (*continued*)

(£A'000—f.o.b.)

| Particulars | Year | |
|--|---------|---------|
| | 1947/48 | 1948/49 |
| CLASS XIV—Wood and Wicker : | | |
| Timber— | | |
| Dressed | 648 | 1,833 |
| Undressed | 3,585 | 5,419 |
| Wood and wicker manufactures | 644 | 883 |
| Total—Class XIV | 4,877 | 8,135 |
| CLASS XV—Earthenware, Chinaware, etc. | | |
| Crockery and other householdware | 2,724 | 3,193 |
| Glass and glassware | 3,214 | 2,685 |
| Other earthenware, china, etc. | 1,312 | 1,958 |
| Total—Class XV | 7,250 | 7,836 |
| CLASS XVI—Paper and Stationery : | | |
| (a) Paper— | | |
| Paper— | | |
| Printing. | 7,197 | 6,622 |
| Wrapping | 2,407 | 2,122 |
| Writing and typewriting | 2,518 | 1,357 |
| Other paper | 1,937 | 1,536 |
| Millboards and other boards | 1,845 | 1,608 |
| Pulp for papermaking | 2,092 | 2,523 |
| Parchment | 1 | 309 |
| Total—Class XVI (a) | 17,997 | 16,077 |
| (b) Stationery and Paper Manufactures— | | |
| Books (printed), directories, etc. | 2,462 | 2,494 |
| Catalogues, price lists, etc. | 137 | 162 |
| Pens and pencils | 1,377 | 1,089 |
| Other stationery | 1,410 | 1,241 |
| Total—Class XVI (b) | 5,386 | 4,986 |
| Total—Class XVI | 23,383 | 21,063 |
| CLASS XVII—Jewellery and Fancy Goods : | | |
| Articles for games | 293 | 360 |
| Fancy goods— | | |
| Toys | 563 | 765 |
| Other | 810 | 922 |
| Precious stones, unset | 684 | 893 |
| Jewellery | 516 | 538 |
| Timepieces, watches, clocks, etc. | 1,265 | 1,455 |
| Total—Class XVII | 4,131 | 4,933 |

APPENDIX XVI (*continued*)Total Imports (*continued*)

(£A'000—f.o.b.)

| Particulars | Year | |
|--|---------|---------|
| | 1947/48 | 1948/49 |
| CLASS XVIII—Optical, Surgical and Scientific | | |
| Instruments : | | |
| Films for cinematographs | 744 | 1,040 |
| Instruments— | | |
| Optical and metrological | 605 | 696 |
| Surgical and dental | 1,215 | 1,180 |
| Talking machines—Phonographs, etc. | 296 | 650 |
| Other instruments, etc. | 1,550 | 2,286 |
| Total—Class XVIII | 4,410 | 5,852 |
| CLASS XIX—Drugs, Chemicals, etc. : | | |
| Acids | 317 | 262 |
| Argol | 94 | 60 |
| Cream of tartar and substitutes | 24 | — |
| Cyanides of potassium and sodium | 145 | 180 |
| Drugs, medicinal preparations— | | |
| Proprietary medicines | 1,146 | 959 |
| Other | 815 | 554 |
| Dyes | 1,011 | 1,661 |
| Fertilizers | 2,513 | 2,528 |
| Insecticides, disinfectants, etc. | 75 | 60 |
| Oils, essentials (non-spirituuous) | 384 | 228 |
| Perfumery and toilet preparations | 463 | 380 |
| Potassium salts | 183 | 110 |
| Salt | 86 | 103 |
| Sodium salts— | | |
| Carbonate (soda ash) | 303 | 501 |
| Hydroxide (caustic soda) | 176 | 539 |
| Other | 388 | 314 |
| Spirituuous preparations— | | |
| Essences, fruit ethers, etc. | 47 | 24 |
| Other | 131 | 167 |
| Other drugs and chemicals | 2,735 | 3,242 |
| Total—Class XIX | 11,036 | 11,872 |
| CLASS XX—Miscellaneous : | | |
| Arms, ammunition and explosives | 2,013 | 3,252 |
| Articles of celluloid and celluloid sheets | 314 | 159 |
| Bags, baskets, boxes, etc. | 346 | 378 |
| Brushware | 373 | 260 |
| Goods imported per parcel post | 191 | 211 |
| Pianos and player-pianos | 159 | 247 |
| Piano and player-piano parts | 22 | 18 |
| Musical instruments and parts | 253 | 360 |
| Outside packages | 6,600 | 8,012 |
| Packings for engines, etc. | 474 | 593 |
| Passengers' effects | 1,623 | 2,135 |
| Vessels (ships) | 19 | 697 |
| All other articles | 587 | 784 |
| Total—Class XX | 12,974 | 17,106 |

APPENDIX XVI (continued)

Total Imports (continued)

(£A'000—f.o.b.)

| Particulars | Year | |
|---|---------|---------|
| | 1947/48 | 1948/49 |
| CLASS XXI—Gold and Silver and Bronze Specie : | | |
| Gold including gold in matte | 1,644 | 1,112 |
| Silver, including silver in matte | 17 | 26 |
| Total—Class XXI | 1,661 | 1,138 |
| SUMMARY : | | |
| Importing States— | | |
| New South Wales | 151,917 | 178,005 |
| Victoria | 120,600 | 145,588 |
| Queensland | 22,560 | 32,488 |
| South Australia | 22,954 | 30,458 |
| Western Australia | 17,155 | 22,069 |
| Tasmania | 4,282 | 6,256 |
| Northern Territory | 278 | 268 |
| Grand Total | 339,746 | 415,132 |
| Merchandise | 338,085 | 413,994 |
| Bullion and Specie— | | |
| Gold | 1,644 | 1,112 |
| Silver | 17 | 26 |
| Total—Bullion and Specie | 1,661 | 1,138 |
| Grand Total | 339,746 | 415,132 |

APPENDIX XVII

Value of Principal Commodities exported during the years ended
June, 1948 and 1949

Total Exports

(£A'000—f.o.b.)

| Particulars | Year | |
|---|---------|---------|
| | 1947/48 | 1948/49 |
| CLASS I—Foodstuffs, Animal Origin : | | |
| Butter | 20,629 | 23,811 |
| Margarine | 107 | 1,099 |
| Cheese | 3,263 | 4,101 |
| Eggs | 4,176 | 5,105 |
| Infants' and invalids' foods | 956 | 1,285 |
| Meats— | | |
| Bacon and hams | 534 | 674 |
| Potted or concentrated | 403 | 568 |
| Preserved by cold process— | | |
| Beef | 6,193 | 5,823 |
| Lamb | 3,801 | 3,533 |
| Mutton | 447 | 651 |
| Pork | 209 | 1,199 |
| Rabbits and hares | 1,865 | 4,152 |
| Preserved in tins | 5,900 | 8,380 |
| Sausage casings | 431 | 573 |
| Other | 2,803 | 4,200 |
| Milk and cream | 4,608 | 5,563 |
| Other animal foodstuffs | 1,465 | 2,640 |
| Total—Class I | 57,790 | 73,357 |
| CLASS II—Foodstuffs, Vegetable Origin : | | |
| Aerated waters, cocoa, coffee, etc. | 318 | 202 |
| Biscuits | 142 | 1,107 |
| Confectionery | 758 | 406 |
| Fodders | 365 | 426 |
| Fruit juices and syrups | 987 | 1,599 |
| Fruit, dried— | | |
| Currants | 469 | 742 |
| Raisins | 1,795 | 2,370 |
| Other | 295 | 344 |
| Fruits, fresh— | | |
| Apples | 2,695 | 1,749 |
| Citrus | 604 | 574 |
| Other | 588 | 792 |
| Fruits, preserved in liquid | 2,766 | 4,186 |
| Fruits, vegetables, pulped | 1,160 | 1,466 |
| Grain and pulse, unprepared— | | |
| Barley | 8,134 | 6,458 |
| Oats | 3,946 | 6,455 |
| Wheat | 52,813 | 66,767 |
| Other | 1,767 | 1,011 |
| Grain and pulse, prepared— | | |
| Breakfast foods | 2,569 | 4,842 |
| Flour (wheaten) | 31,823 | 35,087 |
| Rice | 1,044 | 1,247 |
| Other | 1,274 | 1,145 |
| Jams and fruit jellies | 2,232 | 1,999 |
| Tea | 95 | 147 |
| Sugar | 3,162 | 13,290 |
| Vegetables, dried, concentrated, etc. | 440 | 32 |
| Vegetables, fresh | 1,185 | 600 |
| Other vegetable foodstuffs | 757 | 1,576 |
| Total—Class II | 124,183 | 156,619 |

APPENDIX XVII (continued)

Total Exports (continued)

(£A'000—f.o.b.)

| Particulars | Year | |
|---|---------|---------|
| | 1947/48 | 1948/49 |
| CLASS III—Spirituous Liquors : | | |
| Ale, beer, cider, etc. | 56 | 43 |
| Spirits (beverages) | 600 | 533 |
| Wine | 1,430 | 998 |
| Total—Class III | 2,086 | 1,574 |
| CLASS IV—Tobacco : | | |
| Cigars, cigarettes and snuff | 50 | 48 |
| Tobacco | 172 | 262 |
| Total—Class IV | 222 | 310 |
| CLASS V—Live Animals : | | |
| Cattle | 74 | 48 |
| Horses | 237 | 142 |
| Sheep | 145 | 207 |
| Other live animals | 46 | 55 |
| Total—Class V | 502 | 452 |
| CLASS VI—Animal Substances : | | |
| Gelatine and glue | — | 1 |
| Hides and skins— | | |
| Cattle, calf and horse | 394 | 1,305 |
| Fox | 7 | 5 |
| Kangaroo and wallaby | 381 | 413 |
| Opossum | 15 | 7 |
| Rabbit and hare | 3,958 | 3,004 |
| Sheep | 7,569 | 7,482 |
| Other | 37 | 22 |
| Pearlshell | 409 | 607 |
| Trochus shell | 65 | 94 |
| Wool— | | |
| Greasy | 118,617 | 195,795 |
| Scoured, tops and waste | 30,130 | 35,869 |
| Other animal substances | 201 | 223 |
| Total—Class VI | 161,783 | 244,827 |
| CLASS VII—Vegetable Substances : | | |
| Copra | 50 | 45 |
| Fibres | 441 | 80 |
| Seeds | 252 | 287 |
| Tanning substances | 212 | 283 |
| Other vegetable substances | 140 | 268 |
| Total—Class VII | 1,095 | 963 |
| CLASS VIII—Apparel, Textiles and Manufactured | | |
| Fibres : | | |
| Manufactured fibres and yarns | 1,956 | 1,112 |
| Piece-goods | 2,512 | 1,111 |
| Other textiles | 675 | 369 |
| Boots and shoes | 234 | 393 |
| Other apparel and attire | 1,494 | 879 |
| Total—Class VIII | 6,871 | 3,864 |

APPENDIX XVII (continued)

Total Exports (continued)

(£A'000—f.o.b.)

| Particulars | Year | |
|--|---------|---------|
| | 1947/48 | 1948/49 |
| CLASS IX—Oils, Fats and Waxes : | | |
| Fats and waxes, etc. | 563 | 952 |
| Oils | 927 | 704 |
| Tallow, unrefined | 573 | 1,147 |
| Total—Class IX | 2,063 | 2,803 |
| CLASS X—Paints and Varnishes | 617 | 467 |
| CLASS XI—Stones and Minerals : | | |
| Coal | 109 | 97 |
| Ores and concentrates— | | |
| Silver and silver lead | 468 | 1,417 |
| Zinc | 1,996 | 2,982 |
| Other | 2,484 | 2,082 |
| Other stones and minerals | 144 | 189 |
| Total—Class XI | 5,201 | 6,767 |
| CLASS XII—Metals, metal manufactures and machinery : | | |
| Iron and steel | 2,570 | 2,435 |
| Lead—Pig bullion, etc. | 13,772 | 22,108 |
| Metal, scrap | 6 | 166 |
| Platinum | 2 | 6 |
| Tin ingots, etc. | 28 | 4 |
| Vehicles | 1,234 | 1,052 |
| Zinc—Bars, blocks, ingots, etc. | 2,061 | 3,388 |
| Other metals and manufactures | 3,478 | 2,856 |
| Electrical appliances and equipment | 1,113 | 1,579 |
| Machines and machinery | 5,292 | 5,187 |
| Total—Class XII | 29,556 | 38,781 |
| CLASS XIII—Rubber and Leather and Manufactures : | | |
| Rubber and manufactures | 339 | 138 |
| Leather | 1,510 | 1,571 |
| Leather manufactures | 112 | 109 |
| Total—Class XIII | 1,961 | 1,818 |
| CLASS XIV—Wood and Wicker : | | |
| Timber | 1,564 | 1,862 |
| Wood and wicker manufactures | 166 | 184 |
| Total—Class XIV | 1,730 | 2,046 |
| CLASS XV—Earthenware, Cements : | | |
| China, glass and stoneware | 516 | 395 |
| CLASS XVI—Paper and Stationery : | | |
| Paper | 100 | 282 |
| Stationery | 750 | 688 |
| Total—Class XVI | 850 | 970 |
| CLASS XVII—Jewellery, Fancy Goods, etc. : | | |
| Precious stones—Unset pearls, etc. | 40 | 101 |
| Other jewellery and fancy goods | 352 | 355 |
| Total—Class XVII | 392 | 456 |

APPENDIX XVII (continued)

Total Exports (continued)

(£A'000—f.o.b.)

| Particulars | Year | |
|---|----------------|----------------|
| | 1947/48 | 1948/49 |
| CLASS XVIII—Optical, Surgical and Scientific Instruments : | | |
| Films for cinematographs, etc. | 184 | 211 |
| Photographic goods and materials | 300 | 224 |
| Talking machines, etc. | 72 | 96 |
| Other instruments, etc. | 310 | 412 |
| Total—Class XVIII | 866 | 943 |
| CLASS XIX—Drugs, Chemicals, etc. : | | |
| Fertilizers | 8 | 13 |
| Medicines | 972 | 1,136 |
| Oils, essential— | | |
| Eucalyptus | 324 | 138 |
| Other | 87 | 58 |
| Perfumery, toilet preparations and soaps | 299 | 355 |
| Other drugs and chemicals | 1,581 | 1,233 |
| Total—Class XIX | 3,271 | 2,933 |
| CLASS XX—Miscellaneous : | | |
| Arms, ammunition and explosives | 888 | 2,313 |
| Goods, exported per parcel post | 247 | 513 |
| Miscellaneous articles to Pacific Islands | 141 | 255 |
| Personal, household effects | 706 | 717 |
| Vessels transferred abroad | 312 | 400 |
| All other articles | 1,140 | 1,054 |
| Total—Class XX | 3,434 | 5,252 |
| CLASS XXI—Gold and Silver and Bronze Specie : | | |
| Gold | 3,831 | 4 |
| Silver | 1,134 | 1,531 |
| Bronze | — | 35 |
| Total—Class XXI | 4,965 | 1,570 |
| SUMMARY— | | |
| States of Final Shipment— | | |
| New South Wales | 134,750 | 178,156 |
| Victoria | 115,964 | 137,586 |
| Queensland | 48,312 | 99,186 |
| South Australia | 52,902 | 70,030 |
| Western Australia | 48,670 | 49,688 |
| Tasmania | 9,283 | 12,498 |
| Northern Territory | 73 | 23 |
| Australian Produce | 404,716 | 542,051 |
| Other Produce | 5,238 | 5,116 |
| Grand Total | 409,954 | 547,167 |
| Merchandise | 404,989 | 545,597 |
| Bullion and Specie— | | |
| Gold | 3,831 | 4 |
| Silver and bronze | 1,134 | 1,566 |
| Total—Bullion and Specie | 4,965 | 1,570 |
| Grand Total | 409,954 | 547,167 |

AUSTRALIA

Routes

Railways ———+———

Roads ————

Air Routes —+—

Fuel Power & Minerals

Electricity —+—

Iron —■—

Coal —■—

Gold —●—

Lead —◆—

Zinc —▲—

Copper —+—

Silver —○—

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SOUTH AUSTRALIA

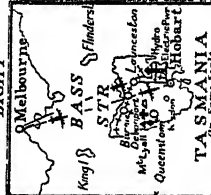
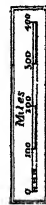
GREAT AUSTRALIAN BIGHT

NEW SOUTH WALES

PACIFIC OCEAN

SOUTH

QUEENSLAND



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